

8-1-2013

Responding to Foreclosures in Cuyahoga County: 2012 Evaluation Report

Kathryn Hexter

Cleveland State University, k.hexter@csuohio.edu

Molly Schnoke

Cleveland State University, m.s.schnoke@csuohio.edu

How does access to this work benefit you? Let us know!

Follow this and additional works at: https://engagedscholarship.csuohio.edu/urban_facpub



Part of the [Urban Studies and Planning Commons](#)

Repository Citation

Hexter, Kathryn and Schnoke, Molly, "Responding to Foreclosures in Cuyahoga County: 2012 Evaluation Report" (2013). *Urban Publications*. 0123690.

https://engagedscholarship.csuohio.edu/urban_facpub/690

This Report is brought to you for free and open access by the Maxine Goodman Levin College of Urban Affairs at EngagedScholarship@CSU. It has been accepted for inclusion in Urban Publications by an authorized administrator of EngagedScholarship@CSU. For more information, please contact library.es@csuohio.edu.



Responding to Foreclosures in Cuyahoga County 2012 Evaluation Report – Revised

**Seventh Annual Report
January 1 - December 31, 2012**

August 2013

Prepared for:
Cuyahoga County Department of Development

Prepared by:
**The Center for Community Planning &
Development**

Kathryn Wertheim Hexter, Director
Molly S. Schnoke, Program Coordinator

**Cleveland State
University**
 Maxine Goodman Levin
College of Urban Affairs

Table of Contents

Introduction	1
Methodology	2
Foreclosure Trends	4
The Cuyahoga County Foreclosure Prevention Program	7
Program Administration	7
Eligibility	8
Foreclosure Prevention Counseling	8
Funding Sources	9
United Way Services First Call for Help “211”	12
Foreclosure Prevention Counseling Clients	14
Counseling Client Trends	19
Program and Client Outcomes	21
Mediation Program	32
Foreclosure Mediation Support Program	34
Summary Findings and Recommendations	37
Conclusion	41
Appendices	43

List of Tables

Table 1.	Sources and Commitments of Funds, 2006-2012	10
Table 2.	Allocation of Funds, 2006-2012	11
Table 3.	Demographics of Clients Served, 2006-2012	16
Table 4.	Demographics of Clients Served by Agency, 2012	17
Table 5.	Demographics, Race of Clients Served by Community, 2012	18
Table 6.	Client Outcomes, All Agencies, March 2006 – February 2008	22
Table 7.	Client Outcomes, All Agencies, 2008 - 2012	23
Table 8.	Client Outcomes, All Agencies by Community, 2012	25
Table 9.	Client Outcomes, All Agencies by Income Category, 2012	26
Table 10.	Client Outcomes by Agency, 2012	27
Table 11.	Client Outcomes by Agency, Cumulative for All Years 2008 – 2012	29
Table 12.	Foreclosure Counseling Clients, Reason for Loan Default, 2012	30
Table 13.	Foreclosure Counseling Clients, Credit Score at Intake, All Agencies 2012	31
Table 14.	Cuyahoga County Foreclosure Mediation Program, January 2010-December 2012	34
Table 15.	Cuyahoga County Foreclosure Mediation Program Totals, June 2008-December 2011	34
Table 16.	Cuyahoga County Foreclosure Mediation Support Program Contact Geography, 2010 – 2012	36

Charts and Figures

Map 1.	Residential Foreclosure Filings in Cuyahoga County, 2012	5
Chart 1.	Foreclosure Filings, Residential Properties, Cuyahoga County 2006 – 2012	6
Chart 2.	Call Volume, 211 First Call for Help	12
Chart 3.	Total Homeowners Counseled, 2006 – 2012	14
Chart 4.	Cuyahoga County Foreclosure Mediation Support Program Contact Geography, 2019	36

INTRODUCTION

In 1999, there were 4,900 residential foreclosure filings in Cuyahoga County. That number doubled to about 10,000 by 2005 and peaked in 2007 at close to 14,000. While foreclosure filings drop across the country, in Cuyahoga County the number actually increased slightly from 2011 to 2012 to almost 12,000 residential foreclosure filings. Since 2006, there have been 75,328 unduplicated foreclosure filings in the county.¹ Despite a myriad of federal and state programs designed to mitigate the impact of the foreclosure crisis, including bank bailouts and a brief moratorium, the devastating impact on homeowners and communities continues almost unabated. With an estimated 26,000 vacant parcels countywide², and thousands of homeowners still losing their homes to foreclosure, the County's property tax base and revenue has been negatively impacted. A 2012 state mandated reappraisal of Cuyahoga County property for tax purposes reflects an overall decline in property value of 9%, with the highest losses (29% and higher) on the east side of Cleveland and all of Maple Heights, North Randall and Warrensville Heights.³

A multi-pronged approach, with a variety of programs and policies, is needed at the local level. After seven years, practitioners and researchers have learned what works. Effective strategies for homeowners include foreclosure prevention counseling, mortgage payment assistance, mediation through the Court, principal reduction to help homeowners negotiate for affordable monthly payments; information and outreach to get them in the door early enough that they can be helped; and advocacy for additional funding and programs. Keeping people in their homes on the front end helps the homeowner, the neighborhood and the County while saving tax dollars that would otherwise have to be spent on code enforcement or cleaning up or tearing down the vacant and abandoned properties on the back end.

In early 2006, Cuyahoga County became one of the first places in the nation to respond to the rapid increase in the number of foreclosure filings with a comprehensive foreclosure prevention initiative. The Cuyahoga County Foreclosure Prevention Program (CCFPP), which includes counseling to help struggling homeowners, continues to adapt to the rapidly changing nature of the crisis.

Local and national research has demonstrated that the centerpiece of this model program, face-to-face foreclosure prevention counseling resulting in a loan modification, is an effective option in terms of helping homeowners stay in their homes. Housing stability benefits homeowners, neighborhoods, cities and the entire county. Foreclosure prevention counseling works best when there is early contact with motivated but vulnerable homeowners as it helps

¹ Case Western Reserve University, Center on Urban Poverty and Community Development, NEOCANDO, 2012

² Center on Urban Poverty and Community Development at CWRU, February 14, 2012.

³ Exner, Rich, "Find New Property Values for Cuyahoga County Homes (database)" *The Plain Dealer*, August 13, 2012.

them understand their options and navigate the foreclosure process.

METHODOLOGY

In August 2006, the County entered into a contract with the Maxine Goodman Levin College of Urban Affairs, Cleveland State University to evaluate the program. Since that time, the CSU evaluation team has been gathering data to help the County:

- track progress
- understand the successes and barriers of the Initiative
- understand whether the program was accomplishing its goals and objectives
- improve and adapt the program going forward

This report is the seventh annual report on the progress of the initiative and covers calendar year 2012.

The evaluation team uses a continuous learning model of evaluation, with feedback provided to the County on a regular basis. Because of the County's longstanding interest in program assessment and evaluation, it has seven years of data about foreclosure prevention activities in Cuyahoga County.

The information used in this report is drawn from the following sources:

1. Interviews with directors and counselors from the participating housing counseling agencies, County Department of Development administrators, housing managers from the First Suburbs Consortium, the director of 211 First Call for Help and representatives of the Vacant Properties Advocacy Council. (Detailed list can be found in Appendix x.)
2. Monthly county foreclosure counseling agency coordinating meetings.
3. Monthly reports of data on foreclosure counseling client demographics and outcomes provided by the agencies to the County Department of Development.
4. Data on foreclosures provided by the Northeast Ohio Data and Information Service of the Levin College, NEO CANDO at Case Western Reserve University, and the Federal Reserve Bank of Cleveland.
5. 211 First Call for Help documentation of calls and referrals by service type and agency, a description of their referral process, and definitions of the service categories used.
6. Data on the Foreclosure Mediation Support Program from the Cuyahoga County Court of Appeals.

Two important notes about the data:

1. From March 2006 to March 2008, client outcome data was gathered from agencies through a data request from the County Foreclosure Prevention Program office. This early data was not reported consistently across agencies and was limited in scope. With strong encouragement and support from the evaluation team, in 2008, the participating counseling agencies adopted the common reporting format of the then-new National Foreclosure Mitigation Counseling (NFMC) program. Agencies used the NFMC reporting platform and the evaluators were able to collect much more consistent and detailed information electronically about the outcomes of the counseling. Thus, we have continuous, consistent client outcome information from March 2008 forward.
2. In 2009, the County requested that we switch the reports from a program year (March through February) to a calendar year (January through December). This change resulted in a two month overlap (January and February) in the 2009 program year.

Our work would not be possible without the full cooperation and assistance of the numerous County departments, the Court of Common Pleas mediation program and the participating counseling agencies. We especially wish to thank Paul Herdeg, Housing Manager, Department of Development for his support.



FORECLOSURE TRENDS

Seven years after the foreclosure crisis first hit, Cuyahoga County's homeowners and communities are still feeling the negative impact. Despite national trends to the contrary, the crisis in Cuyahoga County shows no signs of abating soon. Nationally, delinquency rates (share of loans at least 90 days delinquent) have fallen across the board, but remain well above pre-crisis levels. The Joint Center for Housing Studies at Harvard University concludes, "It is clearly too early to declare an end to the crisis given the substantial backlog of homes in the foreclosure pipeline....Most of the country shared in this progress, although inventories in states that process foreclosures through the courts (e.g. Ohio) remained relatively high."⁴ RealtyTrac, which also looks at national foreclosure trends reports that foreclosure starts in 2012 declined to 1.1 million and projects that they will continue to decline to 2005 (pre-crisis) levels.

In 2012, the County had 11,747 new residential mortgage foreclosure filings, or 1 in every 515 homes.⁵ This number is virtually unchanged from 2011 and is a decline of about 2,000 annual filings from the peak in 2007.

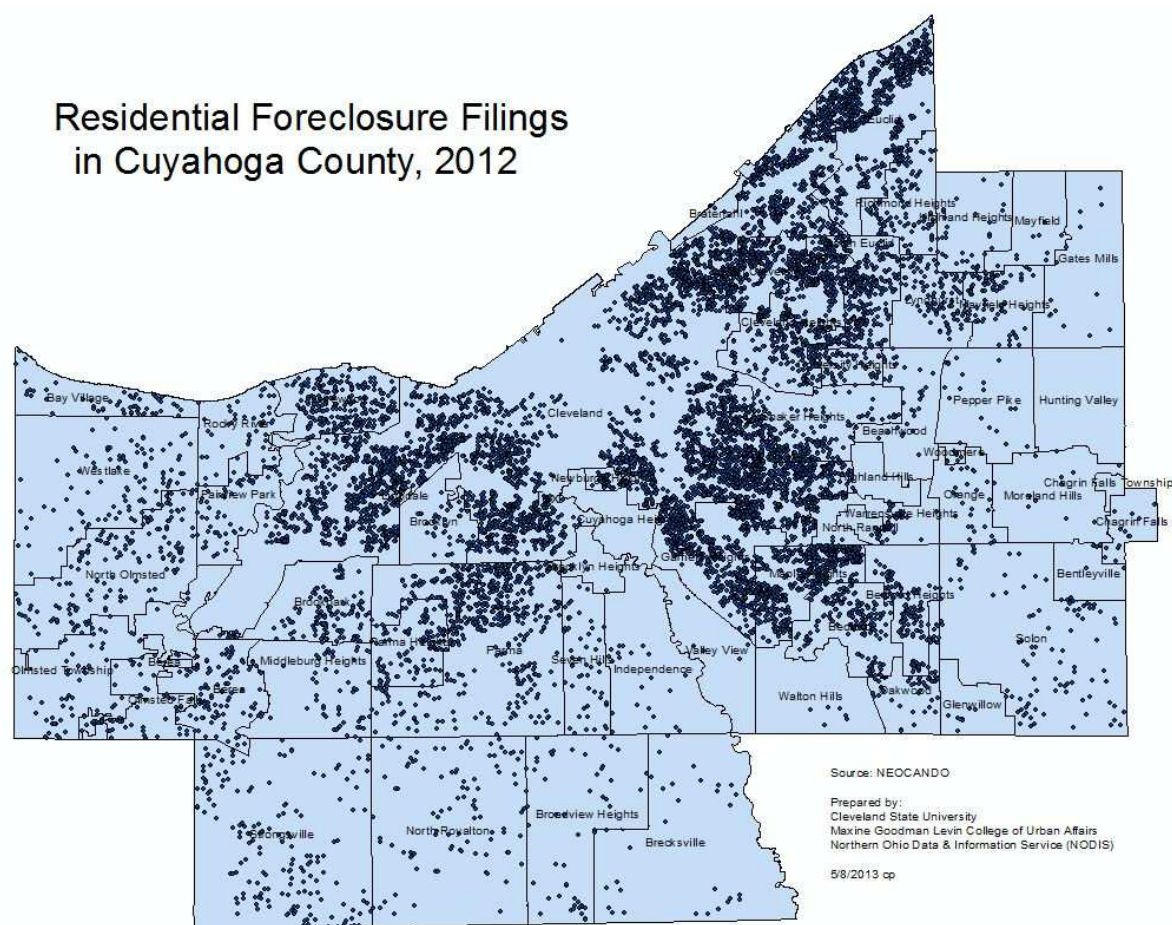
The foreclosure crisis in Northeast Ohio has persisted because of the weak economy and the weak housing market. Further, when homes in Cuyahoga County are foreclosed, they are more likely to become vacant and abandoned than they are in other parts of the country. According to the Joint Center for Housing Studies of Harvard University, Cuyahoga County ranks fourth of

⁴ Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing, 2013", p.21.

⁵ <http://www.realtytrac.com/statsandrends/foreclosuretrends/oh/cuyahoga-county>

just 17 counties nationwide that have a concentration of high vacancy neighborhoods (neighborhoods with vacancy rates of 20% or higher). They project that the broader housing market recovery is likely to bypass these neighborhoods. While no one can predict the future, by all accounts, Cuyahoga County will continue to feel the effects of the foreclosure crisis for many years to come.⁶

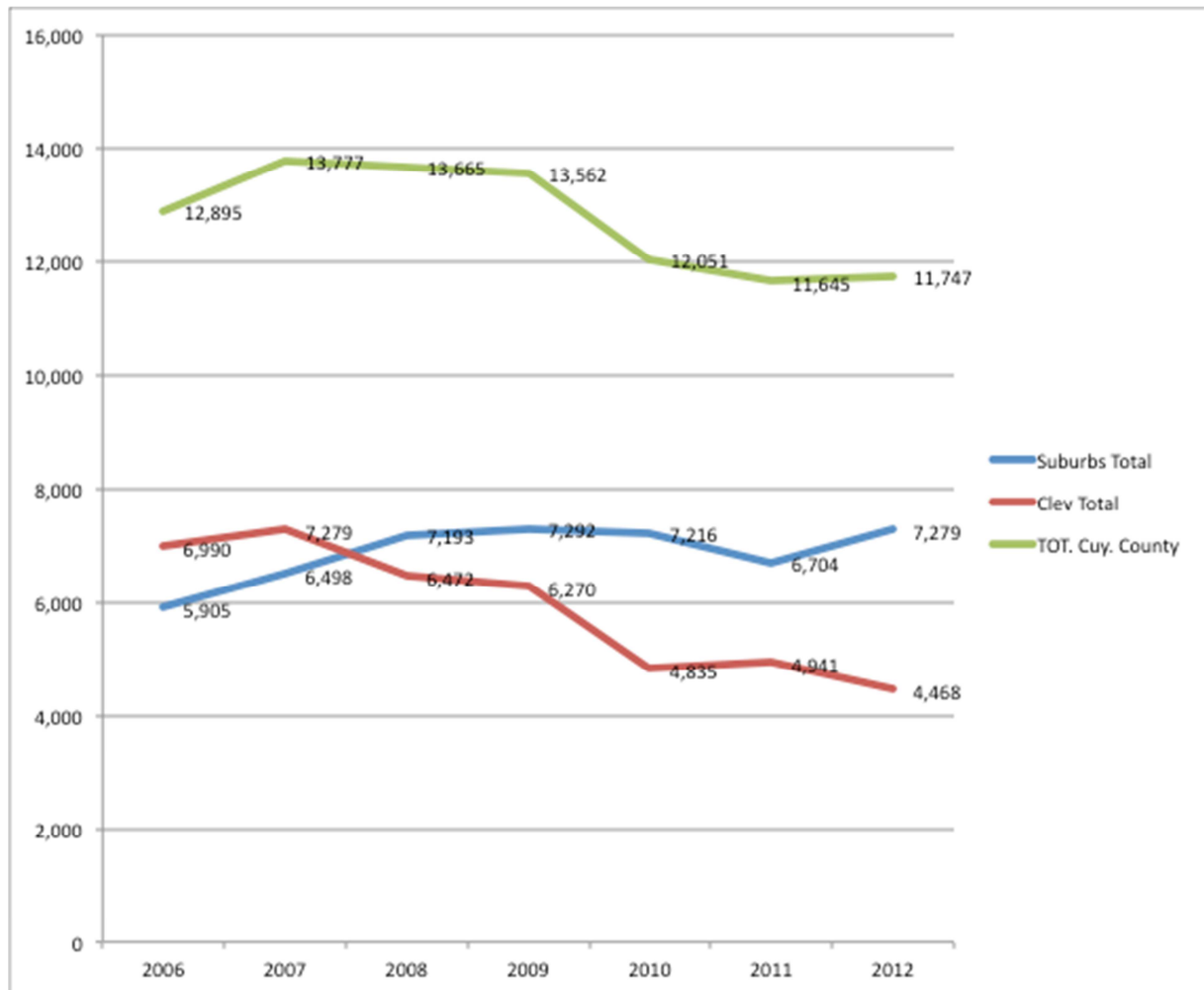
Map 1: RESIDENTIAL FORECLOSURE FILINGS IN CUYAHOGA COUNTY, 2012



As Map 1 illustrates, even though foreclosures touch every community in the County, they continue to be heavily concentrated in the predominantly African American neighborhoods on the east side of Cleveland and in the inner-ring eastern suburbs (63% in eastern Cuyahoga County), a pattern that has persisted since the beginning of the crisis.

⁶ Joint Center, p. 32.

CHART 1: FORECLOSURE FILINGS, RESIDENTIAL PROPERTIES, CUYAHOGA COUNTY 2006 - 2012



In 2008, for the first time, the number of foreclosure filings in the suburbs surpassed the number in the city of Cleveland. From 2011 to 2012, the number of residential mortgage foreclosure filings in the city declined by 11% while the number in the suburbs increased by 9%.

CUYAHOGA COUNTY FORECLOSURE PREVENTION PROGRAM 2012

Cuyahoga County has provided financial support to a network of local nonprofit counseling agencies since 2005. In 2012, five agencies participated in the program. The agencies employ trained counselors to work directly with homeowners at risk of or facing foreclosure. Ongoing evaluation by Cleveland State University has validated the success of this service delivery model. The objectives of the Cuyahoga County Foreclosure Prevention program for 2012 were to:

1. Coordinate outreach to homeowners in Cuyahoga County and connect them to foreclosure counseling and/or court mediation resources.
2. Raise and distribute funding and other resources to partner counseling agencies.
3. Conduct research on and provide publicly available information concerning the nature and scope of the evolving foreclosure crisis.
4. Advocate for and support legislative initiatives at the state and federal level that better address the local foreclosure crisis.

PROGRAM ADMINISTRATION

Prior to 2008, the program had a dual administrative structure within both the County Treasurer's Office and the Department of Development (DOD) as described in previous reports. From 2008-2010, the program was housed and administered in the offices of County Treasurer. In 2011, with the transition to the new form of County government, the program administration remained in the treasurer's office.

As the transition continued however, in 2012, the DOD took over all aspects of management of the program. Responsibility for the program fell under County's housing manager, Paul Herdeg. The DOD works closely with the counseling agencies, serves as convener of the agencies' monthly meetings, coordinates the counseling plus mediation program with the court, monitors state and federal legislation and advocates for issues that impact the industry. The DOD has consistently provided funding from its Community Development Block Grant funds for counseling services to clients in the "urban county."⁷ DOD also ensures compliance with County and Federal funding rules. This compliance is ensured through annual monitoring.

Community partners in 2012 include both funding partners (St. Luke's Foundation, County Department of Development) and service delivery partners (United Way Services 211 First Call

⁷ The Cuyahoga County Department of Development serves as the entitlement agency for 51 of the smaller suburban communities. As the entitlement agency for these communities, the County is responsible for administering federal Community Development Block Grant funds and HOME funds. The six larger cities located in Cuyahoga County - Cleveland, Cleveland Heights, East Cleveland, Euclid, Lakewood and Parma - are also considered entitlements, and are responsible for administering and distributing their direct allocation of these funds on behalf of their residents.

for Help, Cleveland Housing Network (CHN), Community Housing Solutions (CHS), Empowering and Strengthening Ohio's People (ESOP), Neighborhood Housing Services of Greater Cleveland (NHS GC), the Home Repair Resource Center (HRR C) in Cleveland Heights.

Eligibility. County residents are eligible to receive counseling and legal services through the County Foreclosure Prevention Program provided the property in question is the principal residence, the resident has the means to meet monthly obligations going forward, and the resident wants to stay in the home. Clients who do not meet these eligibility requirements are referred to other assistance programs.

Foreclosure Prevention Counseling. The hallmark of the County's Foreclosure Prevention program continues to be face to face counseling. All of the agencies are HUD certified housing counseling agencies and most of them provide a range of other programs aimed at successful homeownership and/or budget counseling. Homeowners at risk of foreclosure can request counseling through a variety of methods, including United Way's 211 First Call for Help, the regional resource and referral network, which has been an integral part of the program since its inception. The earlier a homeowner at risk of foreclosure seeks mortgage payment counseling assistance, the more effective the counseling can be.

Agencies are continuously adapting their intake and counseling processes to meet changing needs and changing program requirements. For example, NHS GC added the option of a web application portal as one option for accessing services and does initial intake over the telephone. Generally, though, the agencies hold intake session in person. Some agencies use group intake sessions at which they see about 10-25 clients per session. Agencies use these sessions to explain the foreclosure process, give clients a checklist of paperwork needed to proceed with counseling, and identify the various funding sources that may be available.

A benefit of collaborating over the seven years of the program is that the participating agencies work well as a "system." They draw on one another's strengths and capabilities and refer clients accordingly. For example, NHS GC is part of the National NeighborWorks network and it administers a range of related programs including, in the past, having access to limited rescue fund loans. Until the program ended in 2011, it administered the Ohio Home Rescue Fund, a statewide initiative that was part of the NeighborWorks Collaborative of Ohio.

ESOP has used its strength in community organizing to negotiate "agreements" with lenders and loan servicers. In some cases, this "agreement" effectively halts foreclosure proceedings upon receipt by the lender or servicer of an ESOP "Hot Spot Card," a specially designed intake form that includes all of the information needed by the lenders and servicers and facilitates "workout" agreements.

With the County CCFPP office serving as the "backbone support" organization, providing staff, funding and the skills needed to bring all the groups together, the system functions as a model

of “Collective Impact.” The evaluation provides the shared measurement system necessary to make this model work; measuring results consistently across all participants.⁸

Funding Sources. The County has drawn on a number of funding sources over the life of the Foreclosure Prevention Program including County General Funds, Community Development Block Grant Funds and grants and donations from banks, corporations and foundations and special funds (see Table 1). A total of \$2.6 million has been spent to support agencies providing counseling and legal assistance and \$1.6 million was spent on rescue loans. From 2006 to 2012, funding for counseling, rescue loans and County program operation expenses totals \$5.6 million. Annual or program year funding has fluctuated from a high of close to \$1 million in the first year of the program, to a low of \$250,000 in 2012. For the past two years, the program has had two sources of funding: 1) the County has allocated a portion of its Community Development Block Grant dollars to support foreclosure prevention counseling for clients living in the ‘Urban County,’ e.g. those cities in the County that are not direct entitlement cities and 2) St. Luke’s Foundation supports the foreclosure mediation support program which provides counselors on-site at the court during pre-mediation conferences (see page 43) .

⁸ For more information about Collective Impact see Hanleybrown, F. et. al. “Channeling Change: Making Collective Impact Work,” Stanford Social Innovation Review, 2012.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 1: SOURCES AND COMMITMENTS OF FUNDS 2006 – 2012

Sources and Commitments of Funds for Foreclosure Prevention Program March 2005-December 2012							
Funds Source	PY 1 (2005-06)	PY 2 (2006-07)	PY 3 (2007-08)	PY 4 (2008-09)	2010	2011	2012
Community							
Neighborhood Progress, Inc	\$37,500	\$30,000					\$67,500
National City	\$50,000	\$25,000					\$75,000
PNC Foundation					\$47,500		\$47,500
Key	\$50,000	\$50,000	\$25,000	\$25,000	\$25,000	\$20,000	\$195,000
Freddie Mac	\$50,000	\$50,000					\$100,000
Fannie Mae			\$25,000				\$25,000
Miller Foundation	\$50,000						\$50,000
Chase	\$7,500	\$0					\$7,500
Ohio Savings/AmTrust	\$25,000	\$25,000					\$50,000
US Bank	\$10,000	\$0					\$10,000
Dominion Foundation			\$50,000				\$50,000
First Energy			\$10,000				\$10,000
Nord Family Foundation			\$50,000				\$50,000
Safeguard Properties			\$52,500	\$73,550	\$50,000		\$176,050
David S. Stein Foundation				\$1,000			\$1,000
Dollar Bank Foundation				\$12,500	\$12,500		\$25,000
Third Federal Foundaion				\$50,000			\$50,000
First Merit Bank, NA				\$500			\$500
Ocwen Loan Servicing					\$5,000		
Eaton Charitable Fund					\$10,000		
St. Lukes Foundation**					\$50,000		\$100,000
The Cleveland Foundation				\$125,000	\$125,000		\$250,000
Subtotal	\$280,000	\$180,000	\$212,500	\$287,550	\$325,000	\$20,000	\$1,390,050
County							
General Fund	\$172,500	\$200,000	\$200,000				\$572,500
CDBG	\$100,000	\$100,000	\$0	\$250,000	\$156,536	\$93,464	\$950,000
TANF	\$400,000	\$0	\$0				\$400,000
DTAC	\$0	\$1,500,000	\$1,300,000		\$230,000		\$3,030,000
Subtotal	\$672,500	\$1,800,000	\$1,500,000	\$250,000	\$386,536	\$93,464	\$4,952,500
Total	\$952,500	\$1,980,000	\$1,712,500	\$537,550	\$711,536	\$113,464	\$5,894,086

* NPI pledged an additional \$75,000 that was redirected to another County Initiative at the request of the County Treasurer

**2012 St. Luke's Foundation funding was for July 15, 2012-July 15, 2013

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 2: ALLOCATION OF FUNDS, MARCH 2006-DECEMBER 2012

Allocation of Funds, Foreclosure Prevention Program (March 2005-December 2012)								
	PY 1 (2005-06)	PY 2 (2006-07)	PY 3 (2007-08)	PY 4 (2008-09)	2010	2011	2012	Total
Counseling and Legal Services Agencies								
Community Housing Solutions	\$125,000	\$42,500	\$87,000	\$91,000	\$76,072	\$61,450	\$53,000	\$536,022
ESOP	\$125,000	\$112,500	\$148,000	\$110,000	\$92,168	\$69,550	\$53,000	\$657,218
Cleveland Housing Network	\$62,500	\$72,500	\$75,000	\$85,000	\$64,588	\$52,050	\$60,000	\$411,638
Neighborhood Housing Services of Greater Cleveland	\$87,500	\$112,500	\$100,000	\$97,500	\$80,088	\$57,650	\$60,000	\$535,238
Home Repair and Resource Center					\$17,500	\$12,300	\$24,000	\$17,500
Counseling Plus Mediation						\$37,128	\$9,108	\$46,236
Housing Advocates				\$15,000	\$15,000			\$30,000
Cleveland Legal Aid Society	\$75,000	\$10,000	\$0	\$0				\$85,000
Cleveland Consumer Credit Counseling Services	\$12,500	\$0	\$0	\$0				\$12,500
Spanish American Committee	\$70,000	\$0	\$0	\$0				\$70,000
Consumer Protection Association	\$20,000	\$0	\$0	\$0				\$20,000
Subtotal	\$597,500	\$350,000	\$410,000	\$398,500	\$345,416	\$290,128	\$259,108	\$2,101,416
Operating and Program Expenses								
Foreclosure Prevention Program Administration and Operations	\$267,000	\$292,400	\$250,000	\$160,000	\$230,000	\$132,480	in-kind	\$1,331,880
Rescue Funds	\$75,000	\$176,873	\$695,842	\$178,262	\$100,408	\$376,457	\$0	\$1,602,841
Other Expenses	\$9,606				\$40,883	\$11,850	\$0	\$62,339
211 First Call for Help		\$15,000	\$15,000	\$10,000	\$20,000		\$0	\$60,000
Subtotal	\$351,606	\$484,273	\$960,842	\$348,262	\$391,291	\$520,787	\$0	\$3,057,061
TOTAL	\$949,106	\$834,273	\$1,370,842	\$746,762	\$736,707	\$810,915	\$0	\$5,448,605

As Table 2 illustrates, in a break from past years, in 2012, the County's administrative support for the program has been in-kind. Also different in 2012, the CCFPP does not have a supplemental funding agreement with United Way First Call for Help for referrals of foreclosure related calls. Rather, the "211" referrals to the participating counseling agencies are considered to be part of the overall "211" service which is supported by County government.

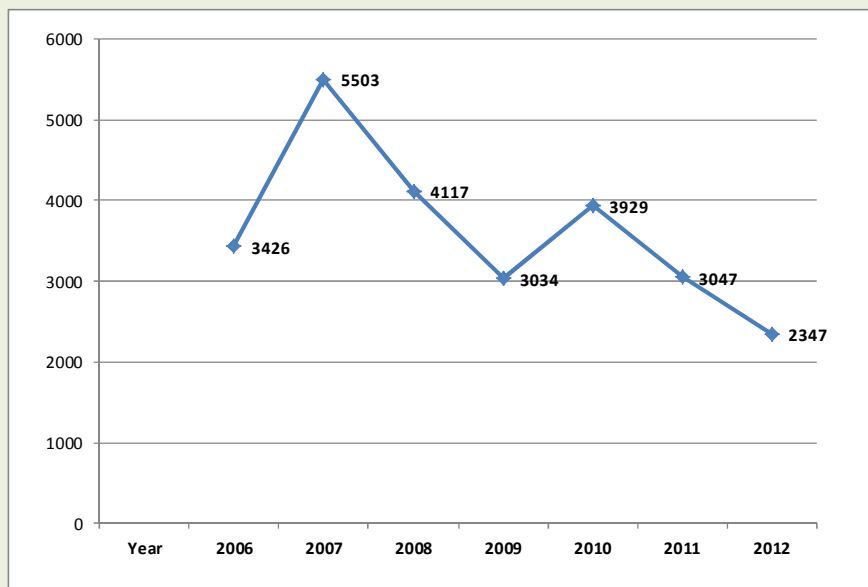
PROGRAM COMPONENTS

211 FIRST CALL FOR HELP



Since the program began in March 2006, United Way's 211 First Call for Help has served as the primary point of contact for County residents seeking foreclosure assistance. From March 2006 through December 2011 "211" received 23,056 calls for foreclosure prevention assistance.

CHART 2: 211 FIRST CALL FOR HELP CALL VOLUME, 2006 - 2012



Source: United Way of Greater Cleveland, 211 First Call for Help

As Chart 2 illustrates, in 2012, "First Call for Help" received 2,347 calls for foreclosure assistance, the lowest number of calls since the CCFPP began and a decline of 23% from the 3,047 calls in 2011.

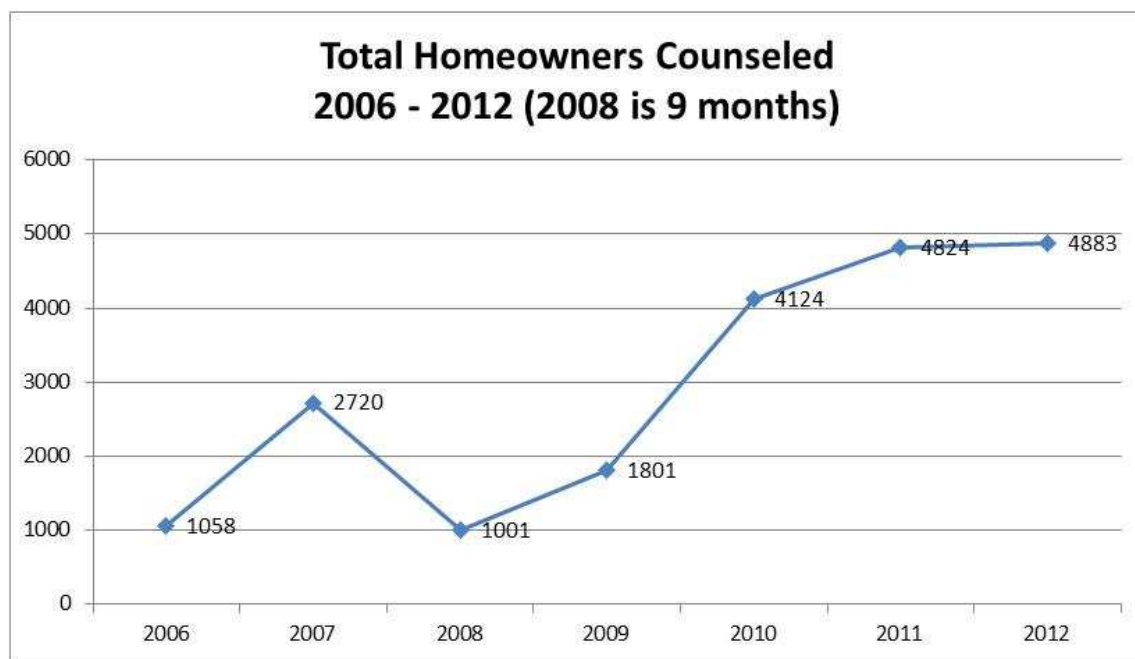
This decline in the number of calls for foreclosure prevention assistance could be due to a number of factors. In addition to "211" there are several other entry points to the system for homeowners needing assistance. Agencies are taking an increasing number of referrals from

state and federal toll free numbers (such as Ohio's Save the Dream program, Hope for Homeowners, the National Foreclosure Mitigation Counseling Program and the Ohio Hardest Hit Fund). Further, some clients call the agencies directly or contact agencies through web portals. Two other relatively new sources of referral to the program include the mediation program for homeowners in foreclosure (every homeowner receives information about the mediation program and the counseling program with the notice of foreclosure filing) and, as the program becomes more widely known, word-of-mouth referrals.

The majority of calls to 211 in 2012 were from the City of Cleveland, a pattern consistent with previous years.

FORECLOSURE PREVENTION COUNSELING CLIENTS

From March 2006 through December 31, 2012, the participating agencies have served 20,411 homeowners at risk of foreclosure. The number of clients peaked in 2011 and 2012 at 4,824 and 4,883 respectively.

CHART 3: TOTAL HOMEOWNERS COUNSELED

From 2008 to 2012, the number of homeowners counseled has steadily increased, with close to 5,000 in 2012. Many factors outside of the control of the counseling agencies impact the number of clients seeking assistance both positively and negatively. For example, calls for assistance tend to increase immediately after announcements of new programs, program changes or the availability of funds to help with mortgage payments. As noted above, the first such increase came in August 2007 when the County announced that rescue funds were available. A second surge came in September 2010 with the state's announcement of the "Hardest Hit Funds" which continues through 2012 and can provide qualifying homeowner with up to \$35,000 to help make their mortgage payments. Other factors impacting the number of clients seeking assistance include:

- A national moratorium on foreclosures in January and February 2009
- Other loan servicer and investor related factors

- Reluctance on the part of banks and servicers to negotiate workouts⁹
- Growing involvement by the bar in representing homeowners, usually suburban homeowners, in foreclosure cases.

Demographic Characteristics

The demographic characteristics of clients served has changed somewhat over the 7 years, most notably in terms of racial composition (see highlights in Table 3).

⁹ For an excellent discussion of this, see Manuel Adelino, Kristopher Gerardi and Paul S. Willen, “Why Don’t Lenders Renegotiate More Home Mortgages? Re-defaults, Self-Cures, and Securitization,” Public Policy Discussion Paper, The Federal Reserve Bank of Boston, July 6, 2009.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 3: DEMOGRAPHICS OF CLIENTS SERVED, 2006 – 2012

	PY1 (Mar 06-Feb07)		PY2(Mar07-Feb08)		2008		2009		2010		2011		2012		Total	
RACE	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	187	18%	464	17%	239	24%	514	29%	1357	33%	1569	33%	1501	31%	5831	29%
African American	835	79%	2079	76%	646	65%	977	54%	2437	59%	2672	55%	2941	60%	12587	62%
African American & White	2	0%	38	1%	13	1%	23	1%	13	0%	16	0%	18	0%	123	1%
American Indian/Alaskan	2	0%	6	0%	2	0%	15	1%	6	0%	5	0%	5	0%	41	0%
American Indian & White	0	0%	29	1%	2	0%	0	0%	3	0%	4	0%	2	0%	40	0%
American Indian & Black	0	0%	0	0%	0	0%	0	0%	0	0%	5	0%	6	0%	11	0%
Asian	2	4%	3	0%	0	0%	196	11%	31	1%	28	1%	21	0%	281	1%
Asian & White	0	0%	45	2%	0	0%	0	0%	2	0%	5	0%	4	0%	56	0%
Native Hawaiian/Other Pacific Islander	0	0%	0	0%	74	7%	0	0%	0	0%	6	0%	2	0%	82	0%
Other	4	0%	30	1%	24	2%	71	4%	139	3%	174	4%	193	4%	635	3%
None Reported	26	2%	26	1%	1	0%	5	0%	136	3%	340	7%	190	4%	724	4%
Total	1058	100%	2720	100%	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%
ETHNICITY	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hispanic	45	4%	74	3%	44	4%	78	4%	513	12%	187	4%	253	5%	1194	6%
Not Hispanic	845	80%	2399	88%	947	95%	1573	87%	1968	48%	4289	89%	4451	91%	16472	81%
None Reported	168	16%	247	9%	10	1%	150	8%	1643	40%	348	7%	179	4%	2745	13%
Total	1058	100%	2720	100%	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%
GENDER	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	693	66%	1723	63%	681	68%	1116	62%	2422	59%	2760	57%	2999	61%	12394	61%
Male	330	31%	880	32%	320	32%	685	38%	1693	41%	1794	37%	1752	36%	7454	37%
None Reported	35	3%	117	4%	0	0%	0	0%	9	0%	270	6%	132	3%	563	3%
Total	1058	100%	2720	100%	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%
HOUSEHOLD COMPOSITION	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Single Adult	NA	0%	NA	0%	244	24%	349	19%	451	11%	539	11%	791	16%	2374	12%
Female-headed Single	457	43%	1127	41%	277	28%	296	16%	463	11%	306	6%	453	9%	1795	9%
Male-headed Single	NA	0%	NA	0%	50	5%	53	3%	70	2%	47	1%	71	1%	291	1%
Married with no dependents	NA	0%	NA	0%	71	7%	152	8%	202	5%	187	6%	229	5%	841	4%
Married with dependents	NA	0%	NA	0%	195	19%	288	16%	399	10%	302	4%	402	8%	1586	8%
Two or more unrelated	NA	0%	NA	0%	31	3%	42	2%	56	1%	69	1%	64	1%	262	1%
Other	NA	0%	NA	0%	39	4%	37	2%	50	1%	18	0%	25	1%	169	1%
None Reported	601	57%	1593	59%	94	9%	584	32%	2433	59%	2054	43%	2848	58%	8013	39%
Head of Household no sex specified	NA	0%	0	0%	0	0%	0	0%	0	0%	1302	27%	0	0%	1302	6%
Total	1058	100%	2720	100%	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%
AGE	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
62 and over	76	7%	256	9%	108	11%	201	11%	495	12%	493	10%	613	13%	2242	11%
Under 62	979	92%	2209	81%	865	86%	1318	73%	2764	67%	2644	55%	2731	56%	13510	66%
None Reported	3	1%	255	9%	28	3%	282	16%	865	21%	1687	35%	1539	32%	4659	23%
Total	1058	100%	2720	100%	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%
INCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 50% of AMI	338	32%	1116	41%	466	47%	812	45%	1924	47%	2062	43%	2121	43%	8839	43%
50-79% of AMI	444	42%	852	31%	304	30%	479	27%	1168	28%	1351	28%	1420	29%	6018	29%
80-100% of AMI	155	14%	536	20%	134	13%	201	11%	570	14%	841	17%	858	18%	3295	16%
Greater than 100% of AMI	0	0%	0	0%	93	9%	205	11%	454	11%	299	6%	359	7%	1410	7%
None Reported	121	11%	216	8%	4	0%	104	6%	8	0%	271	6%	125	3%	849	4%
Total	1058	100%	2720	100%	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%
CREDIT RATING	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
700 and up (excellent)	NA	NA	NA	NA	9	1%	54	3%	143	3%	136	3%	133	3%	475	2%
680-699 (good)	NA	NA	NA	NA	10	1%	25	1%	58	1%	51	1%	60	1%	204	1%
620-679 (fair)	NA	NA	NA	NA	47	5%	124	7%	266	6%	257	5%	324	7%	1018	5%
580-619 (poor)	NA	NA	NA	NA	81	8%	134	7%	345	8%	359	7%	324	7%	1243	6%
500-580 (bad)	NA	NA	NA	NA	366	37%	530	29%	1122	27%	1060	22%	999	20%	4077	20%
499 and below (very bad)	NA	NA	NA	NA	277	28%	445	25%	865	21%	764	16%	618	13%	2969	15%
0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	1231	25%	1231	6%
None Reported	1058	NA	2720	NA	211	21%	489	27%	1325	32%	2197	46%	1194	24%	9194	45%
Total	1058	NA	2720	NA	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	20411	100%

2008.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 4: DEMOGRAPHICS OF CLIENTS SERVED BY AGENCY, 2012

	CHN		CHS		ESOP		HRRC		NHS		TOTAL	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Race												
White	369	29%	137	27%	408	31%	57	17%	530	37%	1501	31%
African American	793	61%	343	68%	858	66%	149	44%	798	55%	2941	60%
African American & White	6	0%	3	1%	5	0%	2	1%	2	0%	18	0%
American Indian/Alaskan	2	0%	2	0%		0%		0%	1	0%	5	0%
American Indian/Alaskan & White	0	0%	0	0%	0	0%	0	0%	2	0%	2	0%
American Indian/Alaskan & Black	2	0%	0	0%	0	0%	3	1%	1	0%	6	0%
Asian	7	1%	2	0%	4	0%	1	0%	7	0%	21	0%
Asian & White	0	0%	0	0%	0	0%	0	0%	4	0%	4	0%
Native Hawaiian/Other Pacific Islander	1	0%	0	0%	1	0%	0	0%	0	0%	2	0%
Other	81	0%	17	3%	0	0%	1	0%	94	0%	193	0%
None Reported	29	6%	0	0%	33	0%	125	0%	3	7%	190	4%
Total	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%
Ethnicity												
Hispanic	65	5%	23	5%	55	5%	30	4%	80	9%	253	6%
Not Hispanic	1218	94%	477	94%	1248	95%	177	95%	1331	52%	4451	92%
None Reported	7	1%	4	1%	6	1%	131	0%	31	39%	179	2%
Total	1290		504	100%	1309	100%	338	100%	1442	100%	4883	100%
Gender												
Female	807	63%	304	60%	827	63%	128	38%	933	65%	2999	61%
Male	483	37%	200	40%	473	36%	87	26%	509	35%	1752	36%
None Reported	0	0%	0	0%	9	1%	123	36%	0	0%	132	3%
Total	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%
Household Type												
Female-headed single	194	15%	0	0%	259	20%	0	0%	0	0%	453	9%
Male-headed single	38	3%	0	0%	33	3%	0	0%	0	0%	71	1%
Married with dependents	137	11%	0	0%	265	20%	0	0%	0	0%	402	8%
Married with no	71	6%	0	0%	158	12%	0	0%	0	0%	229	5%
None Reported	551	43%	504	100%	13	1%	338	100%	1442	100%	2848	58%
Other	13	1%	0	0%	12	1%	0	0%	0	0%	25	1%
Single Adult	269	21%	0	0%	522	40%	0	0%	0	0%	791	16%
Two or more unrelated	17	1%	0	0%	47	4%	0	0%	0	0%	64	1%
Total	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%
Age												
Under 62	995	77%	309	61%	1056	81%	149	44%	222	15%	2731	56%
62 and over	169	13%	113	22%	235	18%	26	8%	70	5%	613	13%
None Reported	126	10%	82	16%	18	1%	163	48%	1150	80%	1539	32%
Total	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%
Income												
Less than 50% of AMI	725	56%	244	48%	351	27%	94	28%	707	49%	2121	43%
50-79% of AMI	316	24%	152	30%	424	32%	75	22%	453	31%	1420	29%
80-100% of AMI	114	9%	56	11%	532	41%	21	6%	135	9%	858	18%
Greater than 100% of AMI	135	10%	52	10%	1	0%	25	7%	146	10%	359	7%
None Reported	0	0%	0	0%	1	0%	123	36%	1	0%	125	3%
Total	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%
Credit Score												
0	14	1%	9	2%	1168	89%	0	0%	40	3%	1231	25%
499 and below (very bad)	259	20%	81	16%	40	3%	17	5%	221	15%	618	13%
500-579 (bad)	379	29%	144	29%	55	4%	37	11%	384	27%	999	20%
580-619 (poor)	111	9%	57	11%	14	1%	14	4%	128	9%	324	7%
620-679 (fair)	99	8%	61	12%	23	2%	11	3%	130	9%	324	7%
680-699 (good)	25	2%	5	1%	2	0%	2	1%	26	2%	60	1%
700 and up (excellent)	43	3%	12	2%	7	1%	4	1%	67	5%	133	3%
None Reported	360	28%	135	27%	0	0%	253	75%	446	31%	1194	24%
Total	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%

Highlights of Demographic Profile for 2012:

- The majority of clients seen by the agencies continue to be female, although the percentage has declined slightly from 66% in the first program year (PY1: March 2006 to February 2007) to 61% in 2012.
- The percentage of clients that is African American declined by 19% from 79% in PY1 to 60% in 2011. That number is up from 2011 when it was 55%. The percent Hispanic has consistently been small (between 4 and 7 percent) although it increased in 2010 to a high of 12%.
- The percentage of clients age 62 or older is small but has been increasing from 7% in the first year of the program to 13% in 2012.
- The percentage of clients with incomes below 50% of Area Median Income (AMI) continue to comprise almost half of the clients, although the percentage decreased slightly from 47% in 2009 to 43% in 2012.
- The demographics are fairly consistent across agencies with the exception of HRRC which is located in Cleveland Heights. HRRC serves a slightly higher percentage of white homeowners.

TABLE 5: GEOGRAPHIC DISTRIBUTION OF CLIENTS, 2009 - 2012

	2009		2010		2011		2012		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Cleveland	912	51%	1904	46%	2083	43%	2231	45%	7130	46%
First Suburbs	681	38%	1597	39%	1862	39%	1995	41%	6135	39%
Rest of County	165	9%	611	15%	703	14%	519	11%	1998	13%
None Reported	43	2%	12	0%	176	4%	138	3%	369	2%
Total	1801	100%	4124	100%	4824	100%	4883	100%	15632	100%

Looking across all agencies, Table 5 shows that the percentage of clients from Cleveland declined from its peak in 2009 at 51% to 45% in 2012. (It is important to note that the member communities that comprise the First Suburbs has changed since 2006 so we are not able to talk about trends other than city of Cleveland and County as a whole.¹⁰)

¹⁰ First suburbs include: Bedford, Bedford Hts., Berea, Brooklyn, Brooklyn Heights, Brook Park, Cleveland Hts., East Cleveland, Euclid, Fairview Park, Garfield Hts., Lakewood, Parma, Maple Hts., Parma Heights, Shaker Hts., South Euclid, University Hts., Warrensville Hts.

COUNSELING CLIENT TRENDS

Face to face interviews were conducted with staff of each of the five counseling agencies as well as with 211 First Call for Help during each program year.

Based on information gathered from these interviews, the counseling agencies and 211 reported a number of trends:

- **The economy continues to adversely impact homeowners.** It remains the case that through all of 2012, economic conditions continued driving many of the problems with which homeowners are presenting at the counseling agencies. Loss of household income, either as the result of unemployment, underemployment, a medical and/or other emergency remains the number-one reason people seek assistance. Agencies report that homeowners who have recovered from job loss faced continued under-employment. For the fifth consecutive year this has been the most persistent and consistent challenge agencies are reporting.
- **Underwater mortgages** - Agencies continue to report that “almost everyone” they see has negative equity in their homes. Continually declining home values contributed the most to this problem. Housing values continued their decline through much of 2012 in many neighborhoods and communities in Cuyahoga County, and while other markets are experiencing modest recoveries, it is an uneven housing recovery with Ohio lagging behind the national price gains. Until there is appreciable increase in housing values, the impact of underwater mortgages will spread to more and more homeowners.
- **Foreclosures occurring County-wide.** Counseling agencies report that they continue to see increasing numbers of homeowners from every corner of Cuyahoga County seeking assistance.
- **Homeowners are difficult to help.** The effects of prolonged economic stress has resulted in clients who are difficult to assist. Agencies are unable to keep individuals in their homes in cases where there is no job or income to support the loan. Furthermore, under-employed, due to reduction in hours worked or re-employment with decreased pay, often results in the modifications that remain unsustainable for the homeowner.
- **It takes a long time to get a resolution for homeowners.** Agencies report that it takes a great deal of time to attain a resolution for homeowners. This has been the case for a few years and is significantly longer than when the program first began. The length of time required to achieve a resolution has potential impacts the outcome of a case.
- **Short-Payoffs are increasing.** While still rare, agencies report increasingly that they are looking into securing a short-payoff for homeowners and that lenders seem to be more willing to consider this as an option.
- **Property condition and tax issues are increasing.** Agencies are reporting that they are seeing more homeowners who are seeking assistance that have additional housing issues. Counselors are seeing clients who have no equity in their homes to make housing related repairs resulting in deterioration of the property (such as leaking roofs).

Additionally, agencies indicated that there are more people that are seeking assistance who do not have a mortgage, are on fixed incomes and are unable to keep up with their property tax payments. Existing mortgage foreclosure programs cannot help people facing tax foreclosure.

- A settlement agreement was reached in early 2012 in a case brought by 49 state Attorneys General. The case charges that banks used deceptive practices to accelerate foreclosures. Ohio received \$57 million from the settlement. While not necessarily reflected in the numbers in this report, from March 1, 2012 through March 31, 2013, 9,593 Ohio homeowners received some type of relief under the National Mortgage Settlement.

The foreclosure crisis began in Northeast Ohio in 2005. More than half a dozen years later it remains as much of a problem in the community as when it began. Though economic conditions **have improved, broader economic recovery remains slow and recovery in the housing market** has been sporadic and uneven.

Ohio ended 2012 with an unemployment rate of 6.7% (www.bls.gov) For Ohio, the unemployment picture was slightly better than for the nation. The U.S. unemployment rate for December 2012 was 7.8 percent.

Experts suggest that the housing recovery is underway, but caution that it is unevenly distributed. Overall, existing home sales increased 9.4 percent to 4.66 million between 2011 and 2012, the largest percentage increase since 2003-2004¹¹. Statewide, the number of new foreclosure filings was down in 2012 for a third straight year, according to the Ohio Supreme Court, though the numbers reported to the Court include residential, commercial and tax foreclosures. In its Year-End 2012 U.S. Foreclosure Market Report, RealtyTrac reported that overall foreclosure activity had decreased 3% from 2011 nationwide. Yet foreclosure activity increased in 2012 in 20 states from 2011. Ohio was one of those states.

Flat and declining housing prices and underwater mortgages, along with what some predict will be a slow waves of additional foreclosures will further strain the housing market. Furthermore, homeownership rates are at their lowest levels since recording keeping began in 1976 and have fallen for the 8th straight year.

The Ohio Housing Finance Agency (OHFA) recently announced expansions to the state of Ohio's foreclosure prevention program, Save the Dream Ohio. Effective February 1, 2013 the enhancements to the program and eligibility requirements are intended to aid OHFA in assisting more homeowners struggling to make their mortgage payments.

¹¹ State of the Nation's Housing, Joint Center for Housing Studies at Harvard University, June 2013.

Save the Dream Ohio, formerly known as Restoring Stability, helps homeowners who have experienced a financial hardship and are at risk of mortgage loan default or foreclosure. Among the program changes, the maximum benefit amount per household has increased from \$25,000 to \$35,000 for homeowners utilizing more than one program. Under the new terms, the maximum annual household income for eligible homeowners has increased to \$112,375. Also, a household's liquid assets excluding retirement funds will no longer be a factor in determining program eligibility.

PROGRAM AND CLIENT OUTCOMES



The face-to-face, individualized approach to foreclosure prevention used by all five CCFPP agencies, combined with ESOP's action-based organizing, is a proven means of guiding homeowners through the prevention process. All the agencies focus on finding a solution for the individual homeowner that will foster sustainable, long-term homeownership. But a range of possible solutions is considered; from refinancing the mortgage loan to negotiating workouts with a servicer, to advising the homeowner to sell, if appropriate.

From the outset, the evaluation focused on tracking successful outcomes for the homeowners. However, the definition of a “successful” outcome has changed over the life of the program. From 2006 through early 2008, success was defined as keeping the homeowner in the home. Partner agencies were asked by the County Treasurer’s office to keep track of and report on four data points: the number of calls they received from “211 First Call for Help”, the number of appointments kept by callers, the number of foreclosures averted, and the number of loan workouts negotiated.

It is important to note that in the first two years of the program data was collected from each agency for both the County Department of Development and the Cuyahoga County Foreclosure Prevention Program, which was located in the Treasurer’s office. The Department of Development, which managed the program’s funding, collected data for reimbursement and contract performance purposes including the number of clients served, demographics and the services that were provided. In addition, the Treasurer’s office made an annual data request about outcomes, as described above. (Table 6)

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

In March 2008, all of the agencies agreed to consistently report data to the County using a reporting format similar to that used by the National Foreclosure Mitigation Counseling Program which was launched in 2007. This new format permitted the evaluators to look at a fuller range of outcome data (Table 7).

At the same time, the program's objectives evolved, and the definition of success expanded slightly. Housing counselors and other agency staff, as well as the staff of the CCFPP felt that where possible, keeping people in their homes was of great importance, however it was not the best outcome for every client. The ability of the homeowner to avoid foreclosure through other outcomes, such as selling the home, was added to the list of "successful counseling outcomes." This included "deed in lieu", short sale, or some other sale. In cases where homeowners cannot keep their homes, the agencies can help them relocate.

The more detailed data that is now collected enables better decision making about what is happening with foreclosures in Cuyahoga County. It gives the County the ability to link the front-line efforts of the counseling agencies with foreclosure prevention strategies and targeted responses.

TABLE 6: CLIENT OUTCOMES ALL AGENCIES, March 2006 - February 2008

	Year 1		Year 2		Total	
	March 2006-February 2007		March 2007 - February 2008		March 2006 - February 2008	
	Number	Percent	Number	Percent	Number	Percent
Calls from UWFCFH	3341	-	6118	-	9459	-
Appts Kept	1230	100%	3081	100%	4311	100%
FC Averted	495	40%	1756	57%	2251	52%
- Loan Workouts	203	16%	1294	42%	1497	35%
Unable to assist	361	29%	883	28%	1244	28%

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 7: CLIENT OUTCOMES BY ALL AGENCIES, 2008 - 2012

	2008**		2009		2010		2011		2012		Total	
SUCCESSFUL OUTCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
MORTGAGE MODIFIED												
Brought Mortgage Current	180	18%	129	8%	177	8%	359	12%	330	13%	1175	13%
Mortgage Refinanced	9	1%	9	1%	6	0%	4	0%	3	0%	31	0%
Mortgage Modified	247	25%	424	26%	478	22%	558	19%	396	16%	2103	23%
Referred Homeowner to Servicer with Action Plan and No Further Counseling	0	0%	7	0%	56	3%	42	1%	166	7%	271	3%
Initiated Forbearance	76	8%	159	10%	212	10%	129	4%	80	3%	656	7%
Received 2nd Mortgage	0	0%	1	0%	1	0%	3	0%	7	0%	12	0%
Obtained Partial Claim Loan from FHA Lender	5	1%	3	0%	2	0%	0	0%	4	0%	14	0%
Sub-Total	517	53%	732	44%	932	44%	1095	36%	986	39%	4262	46%
OTHER SUCCESSFUL OUTCOME												
Executed deed-in-lieu	6	1%	7	0%	11	1%	6	0%	11	0%	41	0%
Sold Property but not a short sale	16	2%	27	2%	3	0%	3	0%	8	0%	57	1%
Pre-Foreclosure Sale or Short Sale	32	3%	25	2%	51	2%	79	3%	71	3%	258	3%
Sub-Total	54	5%	59	4%	65	3%	88	3%	90	4%	356	4%
TOTAL, SUCCESSFUL OUTCOME	571	58%	791	48%	997	47%	1183	39%	1076	43%	4618	50%
FORECLOSURE												
Mortgage Foreclosed	41	4%	38	2%	71	3%	67	2%	51	2%	268	3%
ONGOING												
Counseled & Referred to Social Service or Emergency	38	4%	56	3%	62	3%	82	3%	178	7%	416	4%
Foreclosure put on hold or in moratorium; final outcome unknown	0	0%	44	3%	22	1%	3	0%	1	0%	70	1%
Counseled & Referred to Legal Service	36	4%	77	5%	128	6%	113	4%	106	4%	460	5%
Total	74	8%	177	11%	212	10%	198	7%	285	11%	946	10%
OTHER												
Other	60	6%	110	7%	16	1%	186	6%	248	10%	620	7%
Bankruptcy	38	4%	39	2%	34	2%	40	1%	18	1%	169	2%
Counseled on Debt Management or sent to Debt Management Agency	3	0%	22	1%	19	1%	4	0%	14	1%	62	1%
Withdrew/Suspended	197	20%	477	29%	777	37%	1331	44%	814	32%	3596	39%
Total	298	30%	648	39%	846	40%	1561	52%	1094	44%	4447	48%
TOTAL	984	98%	1654	92%	2126	52%	3009	62%	2506	51%	9295	56%
Currently Receiving Counseling	17	2%	147	8%	1998	48%	1815	38%	2377	49%	N/A*	-
Total Clients Seen	1001	100%	1801	100%	4124	100%	4824	100%	4883	100%	16633	-

*Data reflect a point in time snapshot of outcomes, as clients move through the counseling process they may be in counseling for many months that March 1 - December 31, 2008. Data collection with

As Table 7 illustrates, from 2009¹² to 2012, the total number of homeowners seen by the agencies almost tripled from 1,801 to 4,883. However, the data also shows that they are increasingly more difficult to assist, as evidenced by the increasing percentages of outcomes in the “withdrew/suspended” category or they are taking longer to assist as evidenced by the increase in the “currently receiving counseling” category.

¹² We use 2009 as the base year because the 2008 data covers only 10 months, as described earlier in the report.

The number of homeowners counted as “withdrew/suspended” increased from 477 (29%) in 2009 to a high of 1331 (44%) in 2011. The number and percentage declined in 2012 to 814 (32%). The persistently high rates of “withdrew/suspended” reflect the stubbornly difficult financial situation of homeowners facing foreclosure, as discussed in other sections of the report, as well as the continuing drop in home values experienced in many communities across the county. Further, an unsettling outcome began to emerge in 2011 that continued into 2012. Agencies report that homeowners were declining modifications offered by the lenders. The agencies attribute this to four factors:

- delays in lender processing of foreclosures resulting in higher amounts in arrears by the time the homeowner seeks assistance (homeowners may owe more than a year of payments before the lender completes the paperwork for the foreclosure filing),
- declining property values
- lenders not offering affordable modifications
- lenders not offering principle reduction as an option

The withdrew/suspended category also includes homeowners who are in the counseling pipeline but have not responded to a number of follow-up calls from agencies (usually three). If the homeowner subsequently returns to the agency for assistance, the case can be re-activated and eventually an outcome can be determined. If the original presenting problems have changed, it is considered to be a new case and is assigned a new case number.

The “currently receiving counseling” category includes homeowners who are in the counseling pipeline at some point during the program year and who do not have a counseling outcome. The number in this category has increased from 147 (8% of total clients seen) in 2009 to 2,377 (49% of total clients seen) in 2012. One significant contributing factor to the very large increase in this number is the introduction in late 2010 of the Restoring Stability (RS) program, described above. While agencies pursue all loan modification options, including RS when appropriate, homeowners waiting to learn first if they are eligible and then if they are approved for RS funds are counted as “still receiving counseling.” (This is a two step process, see Appendix D). Also counted in this category are homeowners awaiting a final determination from their lender/servicer. There can be a time lag, sometimes substantial, from the time of intake to the time an outcome can be identified.

In Table 7, successful outcomes are examined relative to the total number of homeowners who had some outcome, not including those still receiving counseling. In 2008, CCFPP agencies were able to successfully help 571 (53%) of those counseling clients with outcomes. The number of homeowners with successful outcomes increased steadily to 1,183 in 2011 and leveled off a bit in 2012 at 1,076. Overall, from 2008 through 2012, agencies were able to successfully help 4,618 (50%) homeowners of all the homeowners who had some outcome, including withdrew or suspended. However, the percentage decreased to 39 percent due to the large numbers in the withdrew/suspended category.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

The number and percentage of households who lost their home to foreclosure is consistently small, a total of 267 homeowners or 3 percent of the total.

TABLE 8: CLIENT OUTCOMES ALL AGENCIES BY COMMUNITY TYPE, 2012

	Cleveland		First Suburbs		Rest of County		None identified		Total	
SUCCESSFUL OUTCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
MORTGAGE MODIFIED										
BROUGHT MORTGAGE CURRENT	136	12%	139	14%	35	14%	20	16%	330	13%
MORTGAGE REFINANCED	1	0%	1	0%	1	0%	0	0%	3	0%
MORTGAGE MODIFIED	167	15%	167	17%	40	16%	22	18%	396	16%
RFRD HO TO SERVICER W/ACTION PLAN, NO FURTHER COUNSELING ACTIVITY	78	7%	70	7%	17	7%	1	1%	166	7%
INITIATED FORBEARANCE AGREEMENT/REPAYMENT PLAN	38	3%	36	4%	3	1%	3	2%	80	3%
RECEIVED SECOND MORTGAGE	2	0%	3	0%	2	1%	0	0%	7	0%
OBTAINED PARTIAL CLAIM LOAN FROM FHA LENDER	3	0%	1	0%	0	0%	0	0%	4	0%
Sub-Total	425	38%	417	41%	98	39%	46	37%	986	39%
OTHER SUCCESSFUL OUTCOME										
EXECUTED A DEED IN-LIEU	5	0%	4	0%	2	1%	0	0%	11	0%
SOLD PROPERTY BUT NOT A SHORT SALE	5	0%	2	0%	0	0%	1	1%	8	0%
PRE-FORECLOSURE SALE OR SHORT SALE	33	3%	30	3%	7	3%	1	1%	71	3%
Sub-Total	43	4%	36	4%	9	4%	2	2%	90	4%
Sub-Total, Total Successful Outcomes	468	42%	453	45%	107	43%	48	39%	1076	43%
FORECLOSURE										
MORTGAGE FORECLOSED	23	2%	23	2%	3	1%	2	2%	51	2%
ONGOING										
COUNSELED & REFERRED TO SOCIAL SERVICE/EMERGENCY	96	9%	63	6%	18	7%	1	1%	178	7%
FORECL PUT ON HOLD/IN MORATORIUM/FINAL OUTCOME UNKNOWN	1	0%	0	0%	0	0%	0	0%	1	0%
COUNSELED AND REFERRED TO LEGAL SERVICE	45	4%	46	5%	14	6%	1	1%	106	4%
Total	142	13%	109	11%	32	13%	2	2%	285	11%
OTHER										
OTHER	120	11%	105	10%	22	9%	1	1%	248	10%
BANKRUPTCY	10	1%	6	1%	1	0%	1	1%	18	1%
COUNSELED ON DEBT MANAGEMENT OR SENT TO DEBT MGMT AGENCY	6	1%	7	1%	1	0%	0	0%	14	1%
WITHDREW/SUSPENDED	358	32%	304	30%	84	34%	70	56%	814	32%
Total	494	44%	422	42%	108	43%	72	58%	1094	44%
TOTAL	1127	51%	1007	50%	250	48%	124	90%	2506	51%
CURRENTLY RECEIVING COUNSELING	1104	49%	988	50%	269	52%	16	10%	2377	49%
TOTAL CLIENTS SEEN	2231	100%	1995	100%	519	100%	138	100%	4883	100%

In Table 8, successful outcomes are examined by the homeowners' type of community : City of Cleveland, inner-ring suburbs and the remainder of the communities in Cuyahoga County. We found very little difference in outcomes by type of community.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 9: CLIENT OUTCOMES ALL AGENCIES BY INCOME CATEGORY, 2012

	< 50% AMI		50-79% AMI		80-100% AMI		> 100% AMI		None Reported		Total	
SUCCESSFUL OUTCOME	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
MORTGAGE MODIFIED												
BROUGHT MORTGAGE CURRENT	165	17%	96	13%	40	7%	11	9%	18	16%	330	13%
MORTGAGE REFINANCED	2	0%	0	0%	1	0%	0	0%	0	0%	3	0%
MORTGAGE MODIFIED	124	13%	120	17%	102	18%	29	23%	21	19%	396	16%
RFRD HO TO SERVICER W/ACTION PLAN, NO FURTH COUNS ACTIVITY	51	5%	59	8%	56	10%	0	0%	0	0%	166	7%
INITIATED FORBEARANCE												
AGREEMENT/REPAYMENT PLAN	35	4%	19	3%	16	3%	8	6%	2	2%	80	3%
RECEIVED SECOND MORTGAGE	0	0%	2	0%	1	0%	3	2%	1	1%	7	0%
OBTAINED PARTIAL CLAIM LOAN FROM FHA LENDER	3	0%	1	0%	0	0%	0	0%	0	0%	4	0%
Sub-Total	380	39%	297	42%	216	38%	51	41%	42	37%	986	39%
OTHER SUCCESSFUL OUTCOME												
EXECUTED A DEED IN-LIEU	5	1%	5	1%	1	0%	0	0%	0	0%	11	0%
SOLD PROPERTY BUT NOT A SHORT SALE	6	1%	1	0%	0	0%	0	0%	1	1%	8	0%
PRE-FORECLOSURE SALE OR SHORT SALE	40	4%	15	2%	7	1%	9	7%	0	0%	71	3%
Sub-Total	51	5%	21	3%	8	1%	9	7%	1	1%	90	4%
Sub-Total, Total Successful Outcomes	431	44%	318	45%	224	39%	60	48%	43	39%	1076	43%
FORECLOSURE												
MORTGAGE FORECLOSED	19	2%	13	2%	10	2%	7	6%	2	2%	51	2%
ONGOING												
SERVICE/EMERGENCY	106	11%	42	6%	16	3%	13	10%	1	1%	178	7%
OUTCOME UNK	0	0%	0	0%	1	0%	0	0%	0	0%	1	0%
COUNSELED AND REFERRED TO LEGAL SERVICE	58	6%	27	4%	8	1%	12	10%	1	1%	106	4%
Total	164	17%	69	10%	25	4%	25	20%	2	2%	285	11%
OTHER												
OTHER	71	7%	96	13%	80	14%	1	1%	0	0%	248	10%
BANKRUPTCY	9	1%	2	0%	6	1%	0	0%	0	0%	18	1%
COUNSELED ON DEBT MANAGEMENT OR SENT TO DEBT MGMT AGENCY	5	1%	5	1%	4	1%	0	0%	0	0%	14	1%
WITHDREW/SUSPENDED	281	29%	210	29%	226	39%	31	25%	66	59%	814	32%
Total	366	37%	313	44%	316	55%	32	26%	67	60%	1094	44%
TOTAL	980	46%	713	50%	575	67%	124	35%	113	92%	2506	51%
CURRENTLY RECEIVING COUNSELING	1,141	54%	707	50%	283	33%	235	65%	11	8%	2377	49%
TOTAL CLIENTS SEEN	2,123	100%	1,420	100%	858	100%	359	100%	123	100%	4883	100%

Table 9 displays housing counseling outcomes by reported income category of homeowners. The differences in outcomes by income are very small. In examining this data, it is important to keep in mind that even though there are no income guidelines for the program, the incomes of homeowners who seek assistance through the program are very low. Only 5% of clients had income greater than 100% of area median. Households with higher incomes (greater than 100% of the area's median income) had a 5% higher percentage of successful outcomes than the average for all incomes (4%).

The table indicates some variation in the rate of short sales by income; 7% of those with income greater than 100% had a short sale, compared with 3% for all incomes. However, the numbers are very small; only 71 homeowners out of the 4,883 served had a short sale.

In conclusion, we found very little variation in the percentages of clients with successful outcomes when looked at by either community type or income.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 10: CLIENT OUTCOMES BY AGENCY, 2012

	CHN		CHS		ESOP		HRRC		NHS		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
SUCCESSFUL OUTCOME												
Brought Mortgage Current	142	23%	45	22%	46	4%	29	14%	68	19%	330	13%
Mortgage Refinanced	0	0%	0	0%	0	0%	0	0%	3	1%	3	0%
Mortgage Modified	80	13%	26	13%	186	17%	43	21%	61	17%	396	16%
Referred homowner to servicer with action plan no further counseling	0	0%	0	0%	166	15%	0	0%	0	0%	166	7%
Initiated Forbearance	46	7%	11	5%	19	2%	3	1%	1	0%	80	3%
Received 2nd Mortgage	1	0%	0	0%	0	0%	0	0%	6	2%	7	0%
Obtained partial claim loan from FHA Lender	1	0%	0	0%	0	0%	0	0%	3	1%	4	0%
Subtotal	270	43%	82	41%	417	37%	75	37%	142	40%	986	39%
OTHER SUCCESSFUL OUTCOME												
Executed deed in-lieu	8	1%	0	0%	0	0%	0	0%	3	1%	11	0%
Sold Property but not at Short Sale	4	1%	1	0%	1	0%	1	0%	1	0%	8	0%
Pre-Foreclosure Sale or Short Sale	68	11%	2	1%	1	0%	0	0%	0	0%	71	3%
Subtotal	80	13%	3	1%	2	0%	1	0%	4	1%	90	4%
TOTAL SUCCESSFUL OUTCOME	350	56%	85	42%	419	38%	76	37%	146	41%	1076	43%
FORECLOSURE												
Mortgage Foreclosure	13	2%	6	3%	8	1%	4	2%	20	6%	51	2%
ONGOING												
Counseled and referred to social service or emergency	137	22%	13	6%	1	0%	1	0%	26	7%	178	7%
Foreclosure put on hold or in moratorium; final outcome unknown	0	0%	0	0%	1	0%	0	0%	0	0%	1	0%
counseled and referred to legal service	63	10%	21	10%	0	0%	2	1%	20	6%	106	4%
Total	200	32%	34	17%	2	0%	3	1%	46	13%	285	11%
OTHER												
Other	0	0%	0	0%	236	21%	0	0%	12	3%	248	10%
Bankruptcy	7	1%	2	1%	2	0%	2	1%	5	1%	18	1%
Counseled on Debt Management or sent to Debt Management Agency	1	0%	8	4%	3	0%	0	0%	2	1%	14	1%
Withdrew/Suspended	59	9%	67	33%	445	40%	119	58%	124	35%	814	32%
Total	67	11%	77	38%	686	62%	121	59%	143	40%	1094	44%
TOTAL	630	49%	202	40%	1115	85%	204	58%	355	25%	2506	51%
Currently Receiving Counseling	660	51%	302	60%	194	15%	134	42%	1087	75%	2377	49%
Total Clients Seen	1290	100%	504	100%	1309	100%	338	100%	1442	100%	4883	100%

Table 10 shows client outcomes for each of the housing counseling agencies in the program. There is wide variation across the agencies in terms of outcomes, possibly reflecting slightly differing approaches to counseling. For example, for all agencies the rate of successful outcomes is 43%. But the percentages range from 56% at CHN to 37% and 38% for HRRC and ESOP respectively. It is interesting to note that 68 of CHN's 350 successful outcomes were short sales. Short sales made up 11% of all CHN outcomes and 19% of CHN's successful outcomes. In fact, of all 71 short sales across all agencies, CHN had 68, CHS had 2 and ESOP had 1. CHN also had the highest number and percentage of clients counseled and referred to a social service agency.

Overall, 16% of clients had their mortgage modified and 13% received assistance that allowed them to bring their mortgage current. However, the percentage of mortgage modifications by agency ranges from 21% at HRRC to 13% at CHN and CHS. Both CHN and CHS have higher percentages of clients who received assistance that allowed them to bring their mortgage current; 23% and 22% respectively. ESOP reported that 4% of their clients received assistance that helped bring their mortgages current.

Another category in which there is a great deal of variation across agencies is in “currently receiving counseling.” NHS reported that 75% of its 2012 clients were in this category; ESOP reported 15%.

However, one of the greatest differences observed across agencies are those clients that are reported as having withdrawn from counseling or whose cases were suspended. Overall, 35% of homeowners had withdrawn from counseling or had their cases suspended. However, the percentage ranged from a high of 58% at HRRC to a low of 9% at CHN.

Clients may be reported as withdrew/suspended for a number of reasons, and at this time it is unclear why this difference across agencies is being observed. Anecdotal reports from agencies indicate that HRRC may be capturing a larger percentage of homeowners who are elderly and on fixed incomes. There are very few programmatic options available to assist these homeowners.

It may be also of interest to note that of the total of 814 clients whose cases were withdrawn or suspended from counseling in 2012, 445 (55%) were from ESOP, though this made up 40% of their counseled cases.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

TABLE 11: CLIENT OUTCOMES BY AGENCY, CUMULATIVE FOR ALL YEARS 2008 - 2012

	CHN		CHS		ESOP		HRRC		NHS		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
SUCCESSFUL OUTCOME												
Brought Mortgage Current	323	14%	304	12%	138	4%	106	17%	401	17%	1272	11%
Mortgage Refinanced	11	0%	9	0%	5	0%	0	0%	7	0%	32	0%
Mortgage Modified	430	19%	520	20%	851	23%	124	20%	457	19%	2382	21%
Referred homowner to servicer with action plan no further counseling	1	0%	0	0%	269	7%	1	0%	15	1%	286	2%
Initiated Forbearance	171	8%	416	16%	150	4%	16	3%	80	3%	833	7%
Received 2nd Mortgage	2	0%	4	0%	1	0%	1	0%	7	0%	15	0%
Obtained partial claim loan from FHA Lender	3	0%	4	0%	1	0%	0	0%	7	0%	15	0%
Subtotal	941	41%	1257	48%	1415	38%	248	40%	974	41%	4835	42%
OTHER SUCCESSFUL OUTCOME												
Executed deed in-lieu	11	0%	15	1%	11	0%	3	0%	9	0%	49	0%
Sold Property but not at Short Sale	13	1%	7	0%	36	1%	2	0%	1	0%	59	1%
Pre-Foreclosure Sale or Short Sale	214	9%	37	1%	9	0%	7	1%	13	1%	280	2%
Subtotal	238	10%	59	2%	56	2%	12	2%	23	1%	388	3%
TOTAL SUCCESSFUL OUTCOME	1179	52%	1316	50%	1471	40%	260	42%	997	42%	5223	45%
FORELCOSURE												
Mortgage Foreclosure	40	2%	113	4%	87	2%	11	2%	78	3%	329	3%
ONGOING												
Counseled and referred to social service or emergency	269	12%	103	4%	16	0%	1	0%	60	3%	449	4%
Foreclosure put on hold or in moratorium; final outcome unknown	4	0%	35	1%	31	1%	0	0%	26	1%	96	1%
counseled and referred to legal service	220	10%	237	9%	26	1%	15	2%	60	3%	558	5%
Total	493	22%	375	14%	73	2%	16	3%	146	6%	1103	10%
OTHER												
Other	23	1%	3	0%	576	16%	3	0%	57	2%	662	6%
Bankruptcy	50	2%	52	2%	33	1%	7	1%	47	2%	189	2%
Counseled on Debt Management or sent to Debt Management Agency	12	1%	45	2%	13	0%	0	0%	11	0%	81	1%
Withdrew/Suspended	473	21%	713	27%	1435	39%	317	52%	1021	43%	3959	34%
Total	558	25%	813	31%	2057	56%	327	53%	1136	48%	4891	42%
TOTAL	2270	50%	2617	78%	3688	65%	614	58%	2357	74%	11546	55%
Currently Receiving Counseling	2285	50%	730	22%	1967	35%	448	42%	4052	26%	-	-
Total Clients Seen	4555	100%	3347	100%	5656	100%	1062	100%	6409	100%	-	-

The variations by agency discussed for the 2012 program year above appear to hold true for cumulative outcomes 2008-2012 as indicated in Table 11 with one interesting difference. The percentage of homeowners who received assistance that enabled them to bring their mortgage current was almost 10% higher in 2012 for both CHN and CHS; possibly due to the RS program.

TABLE 12: FORECLOSURE COUNSELING CLIENTS, REASON FOR LOAN DEFAULT, ALL AGENCIES, 2012

Reason for Default	Number	Percent
Business venture failure	3	0%
Death of a family member	30	2%
Divorce/separation	36	3%
Increase in expenses	25	2%
Increase in loan payment	8	1%
Loss of income	1047	76%
Medical issues	82	6%
Not in default	3	0%
Other	19	1%
Poor budget management	32	2%
Reduction in income	99	7%
Sub-Total (Reported)	1384	28%
None provided	3499	72%
Total	4883	100%

Table 12 confirms anecdotal information about trends from interviews with agency counselors and shows that 83% of their clients are in default due to reduction in income or loss of income. If we add in medical issues and increases in expenses (both of which have the effect of reducing income) this percentage rises to 91%. These homeowners are the most difficult to help in terms of negotiating a workout with lenders or servicers as described above. In 2012, only 1% of clients reported an increase in loan payment amount as the reason for default. This is down from the 4% in 2009 and 2% in 2010. However, it is important to note that the information in this table is for only 28% of the clients; no information on reason for default was given for 72% of all clients.

TABLE 13: FORECLOSURE COUNSELING CLIENTS, CREDIT SCORE AT INTAKE, ALL AGENCIES, 2012

Credit Score	Number	Percent
499 and below (very bad)	618	25%
500-579 (bad)	999	41%
580-619 (poor)	324	13%
620-679 (fair)	324	13%
680-699 (good)	60	2%
700 and up (excellent)	133	5%
Sub-Total (Reported)	2458	50%
None Reported	2425	50%
Total	4883	100%

Table 13 shows credit scores. Only 7% of clients had excellent or good credit scores at intake. This is up slightly from 4% that was reported in 2010 and the same as 2011. 66% percent had bad or very bad scores, adding to the challenge of assisting clients to avert foreclosure. The good and excellent ratings probably reflect those homeowners who seek out counseling before a foreclosure is filed. Again, this data was reported for only half of homeowners.

Note: For default reason code and credit score at intake (shown in the above three tables), a large percentage of clients had no data reported. Therefore, percentages were calculated using the total reported data, not the total number of clients

MEDIATION PROGRAM

As part of Ohio's *Save the Dream* program, in 2008, the Supreme Court exhorted every County in Ohio to adopt a process for foreclosure mediation. The Cuyahoga County Court of Common Pleas formed a Mediation Sub-Committee that presented its proposed Mediation program to the bar and the public in March 2008. The public comment period ended on April 7, 2008 and foreclosure mediation became operational in May 2008. It is an important component of foreclosure prevention operates as described below.



1. Once a complaint for foreclosure has been filed, the Court sends out the summons package which contains a "Request for Mediation" form. [Note: This differs somewhat from the Supreme Court's "Model Program," which limited mediation to foreclosures against owner-occupied, residential properties.] Any party can request mediation by sending the request form directly to the Foreclosure Mediation department. Counseling agencies refer clients with active foreclosures to mediation. [Note: Magistrates may also order mediation at any point in the foreclosure process prior to confirmation of a sheriff sale if they deem mediation to be appropriate.]
2. When the defendant receives the summons, they also receive a "Notice" advising them to stay in their home. The notice also provides information on the Legal Aid Society of Cleveland and the United Way's First Call for Help Line, 211. 2-1-1 is able to provide property owners who call in with a listing of free, HUD-approved housing counseling agencies in Cuyahoga County.
3. If the court determines the case is appropriate for mediation, the court places an order on the docket imposing a stay on the case and requiring the case to be mediated. A case may be "unsuitable" for mediation if the homeowner has insufficient income. Tax foreclosure cases initiated by the County are not appropriate for mediation.
4. If mediation is ordered, participation by both parties is mandatory. Failure to appear for mediation will subject the absent party to appropriate sanctions. If the Plaintiff (lender or servicer) and/or the Plaintiff's attorney fail to appear, its claims are dismissed without prejudice. If the Defendant (homeowner) fails to appear, the case goes back on the Court's foreclosure docket. Beginning in August 2009, the Court required that the representative for the Plaintiff have ultimate authority to agree to the terms of the agreement. If necessary, an investor can be required to be present in person.

Members of the bar volunteer to assist homeowners in the mediation process pro-bono and are trained in the process as well as the defenses that might be available to a homeowner faced with foreclosure, a concern raised by Legal Aid attorneys.

In the first year of the program mediators reported that a high number of homeowners considered themselves victims of predatory lending. Mediators no longer hear this from homeowners.

Anecdotal information from mediators indicates that in the first year of the program homeowners were overwhelmingly from the City of Cleveland. While they still see many homeowners from the City of Cleveland, mediators now report a more representative mix of homeowners from around the County.

Mediators continue to report that close to one-third of homeowners in mediation have worked with or are working with a counseling agency.

Counseling agencies continue to report that the mediation is a valuable tool to assist clients in addressing foreclosures.

The mediation program currently operates with 4 full-time and 2 part-time mediators. The Cuyahoga County Court of Common Pleas Mediation Program reports that in 2012, 3,496 cases were referred for Mediation. This represents an increase of 391 referred cases from 2011 (Table 14). Once cases referred for mediation are reviewed, they are either scheduled for a pre-mediation conference or determined by the program to be unsuitable for mediation. In 2012, the Mediation Program referred for mediation 54% of cases. Of those, in 4% of the cases the defendant (homeowner) filed for bankruptcy, thus removing the case from the mediation process.

Pre-Mediation conferences are conducted two days a week and the program reports conducting approximately 20 pre-mediations per day. In pre-mediation, each party is informed about the mediation process and provided the appropriate paper work to complete and submit to the Court in preparation for mediation. In 2012, 690 more cases are reported to have received a pre-mediation conference than were referred for mediation in the reporting year. This is due to a carry-over of cases that had to be referred for mediation in 2011, but did not have their pre-mediation conference and mediation until 2012. Of those cases, 1730 have had a mediation session held. This represents 92% of the total number of mediation referred to the program in 2012.

In cases where either the defendant or plaintiff fails to show up for the scheduled mediation session, their case is dropped from the mediation process. In 2% of the cases referred for mediation the Plaintiff (lender) failed to appear and the case was dismissed. In 37% of the

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

cases, the defendant (homeowner) failed to appear and their case was sent back to the court's docket. This represents an only a 2 percentage point increase of homeowners failing to appear for their scheduled mediation sessions over the last full 12-month period for which data is available but is still 10 percentage points higher than the total program's average.

In 2012, 1,730 mediation sessions were held, 974 cases (38%) were settled. A case is deemed settled when both parties reach an agreement on some set of terms. Settlement does not necessarily mean that the homeowner stays in his or her home. Settlement can and does include the homeowner walking away from the property. Cases that are not settled are returned back to the Court's docket. When accounting for all cases where a pre-mediation hearing was held, a settlement occurred 44% of the time.

TABLE 14: CUYAHOGA COUNTY FORECLOSURE MEDIATION PROGRAM, JANUARY 2010 through DECEMBER 2012

	June 2008 - Dec 2009		Jan - Dec 2010		Jan - Dec 2011		Jan - Dec 2012		Program Total	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
Cases Referred	4704	100%	3855	100%	3105	100%	3496	100%	15160	100%
Unsuitable	682	14%	559	15%	911	29%	830	24%	2982	20%
Referred for Mediation	4102	87%	3296	85%	2114	68%	1872	54%	11384	75%
Bankruptcy	87	2%	105	3%	83	4%	69	4%	344	3%
Failure from Plaintiff	87	2%	65	2%	24	1%	32	2%	208	2%
Failure from Defendant	778	19%	893	27%	749	35%	693	37%	3113	27%
Pre-Mediation Held	2864	70%	3143	95%	2594*	123%	2562*	136%	11163	98%
Mediations Held	1474	36%	2376	76%	2277*	88%	1730*	67%	7857	69%
Settled	1231	83%	1459	61%	1376	53%	974	38%	5040	44%

Source: Cuyahoga County Court of Common Pleas Foreclosure Mediation Program

* Numbers represent total number of pre-mediation conferences held, including those that were referred for mediation in the previous year, but did not have a hearing scheduled until the reporting year.

TABLE 15: CUYAHOGA COUNTY FORECLOSURE MEDIATION PROGRAM TOTALS, JUNE 2008 through DECEMBER 2012

	June 2008 - Dec 2009		Jan - Dec 2010		Jan - Dec 2011		Jan - Dec 2012		Program Total	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
Referred for Mediation	4102	100%	3296	100%	2114	100%	1872	100%	11384	100%
Pre-Mediation Held	2864	70%	3143	95%	2594	123%	2562	136%	11163	98%
Mediations Held	1474	36%	2376	76%	2277	108%	1730	82%	7857	69%
Settled	1231	30%	1459	44%	1376	53%	974	38%	5040	44%
Settlement Ratio	83%	N/A	61%	N/A	60%	N/A	56%	N/A	64%	N/A

Source: Cuyahoga County Court of Common Pleas Foreclosure Mediation Program

* Numbers represent total number of pre-mediation conferences held, including those that were referred for mediation in the previous year, but did not have a hearing scheduled until the reporting year.

Foreclosure Mediation Support Program

In late spring 2010 the Cuyahoga County Foreclosure Prevention Program and the Cuyahoga County Court of Common Pleas Mediation Program negotiated a formal arrangement to provide Cuyahoga County Foreclosure Prevention Counselors on site at the Justice Center to provide homeowners entering mediation with the opportunity to consult with a foreclosure

prevention counselor. As part of this arrangement, housing counselors are located outside of the mediation offices and are available to any homeowner interested in their services. Counselors are available on-site on the days that pre-mediation hearings are scheduled; usually Mondays and Fridays of each week.

Mediators and homeowners value the services provided by the housing counselors. Mediators appreciate having the counselors on-site to provide assistance in pulling together accurate financial documents and information that is required in mediation. This saves time and energy for both the homeowner and mediator as the required financial documentation can be confusing and difficult for the homeowner to assemble. Counselors are also able to explain to homeowners other assistance that may be available to them and can refer homeowners in need of other assistance such as with utilities or other social services. An indicator that the program is working is that the agencies and the mediation program staff are actively exploring ways to expand the program and have housing counselors available on-site every day for referrals.

One measure of the success of the program is the number of homeowners that elect to meet with a counselor following their pre-mediation conference. From April 2010 through December 31, 2012, 1,166 clients were seen by counselors through the Foreclosure Mediation Support Program (counselors-on-site). This represents approximately 10% of premeditations held. The annual number of clients peaked at 509 in 2011; nearly 20% of the premeditations held by the Cuyahoga County Foreclosure Mediation Program in that year. However, the number decreased in 2012 with only 242 clients seen by the counselors, which is 13% of cases referred for mediation. (Tables 14 and 15)

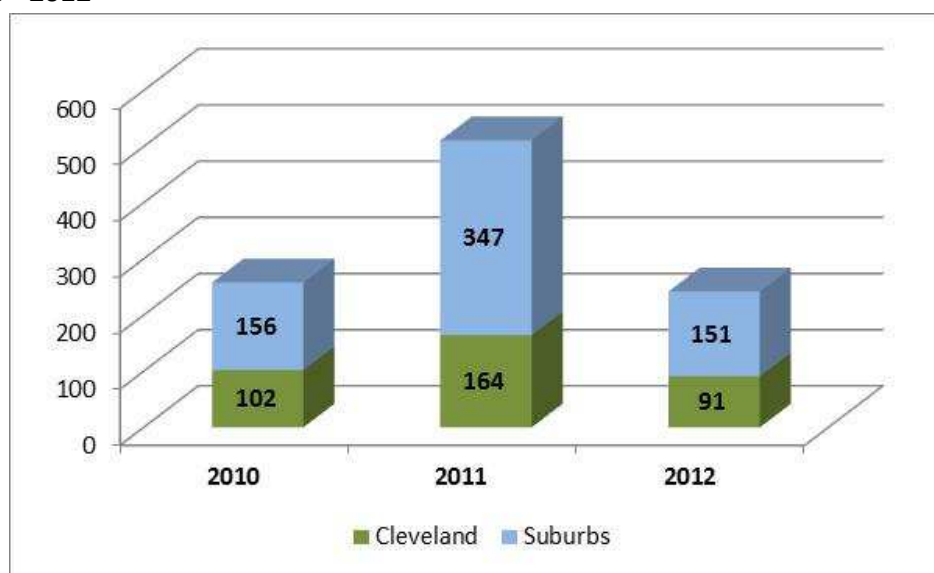
CHART 4: CUYAHOGA COUNTY FORECLOSURE MEDIATION SUPPORT PROGRAM CLIENTS, GEOGRAPHY, 2010 - 2012

Chart 4 illustrates the number of Foreclosure Mediation Support Program clients that come from the City of Cleveland and the suburbs of Cuyahoga County. Suburban homeowners make up the majority of homeowners in the Mediation Support Program in all three years. The percentages range from 60% in 2010 to 68% in 2011 and then back to 62%.

TABLE 16: CUYAHOGA COUNTY MEDIATION SUPPORT PROGRAM CLIENTS, AGENCY, 2012

Agency	Number of Clients
CHN	45
CHS	70
ESOP	29
HRRC	49
NHS	30
No Agency Recorded	19
Total	242

Every housing counseling agency in the program participates in the Mediation Support Program. Table 16 displays the breakdown of Mediation Support Program clients seen by agency. In 2012, CHS reported seeing the most clients, 70. Every agency has equal opportunity to participate in the pre-mediation hearing day of Monday and Friday of each week. Mediators report that some agencies are more assertive in their attempts to recruit homeowners than other. However, with the information collected on client intake at mediation and reports from agencies and mediators, it is difficult to determine if this directly resulted in an increase in an

agency working with a mediation client or if other factors more directly contribute to the differences.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

These findings and recommendations are organized by the four questions posed by the Department of Development to the evaluators at the outset of 2012.

What strategies have produced the greatest success in keeping people in their homes over time?

National Findings and Cuyahoga County Findings

We now have the benefit of several national studies that are consistent with and/or supportive of the findings from the Cuyahoga County evaluation in terms of understanding what works to keep people in their homes over time. Specifically, there have been two national research studies on the effectiveness of the NFMC program conducted by the Urban Institute for NeighborWorks¹³ and a third study, “Foreclosure Counseling Outcome Study: Final Report” prepared for the U.S. Department of Housing and Urban Development by Abt Associates, Inc. in May 2012¹⁴. The Urban Institute studies use statistical estimation to compare the outcomes of households with counseling and households without counseling. The HUD study tracked 824 homeowners seeking foreclosure mitigation services in the fall of 2009 from 24 HUD-funded counseling agencies across the country.

There are several areas where national findings are consistent with and/or supportive of local findings:

- The national studies find that mortgage modification resulting in lower, more affordable monthly payments is the best outcome for keeping people in their homes over time. While it has not been possible to track Cuyahoga County counseling clients over time to determine the long-term effects of the modifications obtained with assistance from the counseling agencies, anecdotal data that suggests that this is the case here as well.
- Cuyahoga County’s face-to-face counseling that includes budget and financial guidance is considered a best practice, especially for the lowest-income homeowners. However, there is some evidence in the HUD 2012 study that suggests certain populations may have stronger housing outcomes from telephone counseling than in-person counseling. They also found that in-person counseling providers served clients with more intensive needs. They have lower-incomes, less savings, are more likely to live in urban areas and included a much higher share of minority clients. The majority of clients served through

¹³ The Urban Institute, “National Foreclosure Mitigation Counseling Program Evaluation, Final Report, Rounds 1 and 2”, December 2011.

¹⁴ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, “Foreclosure Counseling Outcome Study: Final Report”, Abt Associates, May 2012.

the CCFPP certainly share these characteristics and do benefit from the face-to-face counseling. The HUD study concludes that while telephone clients are at least as likely as in-person clients to receive mortgage remedies and to remain in their homes, “this does not constitute proof that telephone counseling is as effective as in-person counseling for any individual client. Nevertheless, it suggests that the expansion of telephone counseling during the foreclosure crisis provided an important alternative resource for individuals and communities—particularly those living in areas without an in-person counseling provider.”

- The earlier in the delinquency process homeowners seek assistance, the more likely they are to have a successful outcome. The HUD study found that nearly 70 percent of homeowners who sought counseling before becoming delinquent on their mortgage were still in their home and current on their mortgage payments after 18 months, compared with only 30 percent of clients who were 6 months or more delinquent at the time they entered counseling. In 2011 and 2012, Cuyahoga County counseling agencies reported that many clients were coming to them with as much as three years of arrearage as a result of the moratorium on foreclosures in late 2010/early 2011 and the reluctance of lenders and services to aggressively pursue foreclosure to the point of Sheriff's sale. This made it harder for the agencies to help these homeowners negotiate a modification, which is reflected in the lower percentage of successful outcomes for those two years.
- While still rare, and not yet studied extensively at the national or local level, principal reduction is another strategy that can make monthly payments affordable and bring the principal more in line with the actual value of the property. It can enable the homeowner to stay in his or her home over the long term and is actively pursued by the County counseling agencies where appropriate.
- While unique to Cuyahoga County, counseling agencies and mediators continue to report on the effectiveness of the Foreclosure Mediation Support Program, which makes counselors available to any homeowner who requests mediation. Counselors are available on site at the mediation office to help homeowners in preparing for mediation and navigating the programs that are available to them such as the Ohio Restoring Stability program.
- Housing counseling agencies are able to assist homeowners in obtaining or accessing other social service related assistance, such as home heating assistance, that may enable them to stay in their homes thus addressing other issues that may adversely impact a client's ability to maintain homeownership.

What changes should be made to the current counseling system to improve long-term outcomes?

1. **Outreach and marketing.** Because it is so important to get people in for counseling as early as possible, we recommend that the County undertake a renewed, targeted

outreach and education effort, especially in suburban areas, to let people know that the program is available and to get people in earlier and with less arrearage.

2. **Develop and pilot a hybrid counseling model.** In an effort to better reach suburban homeowners and based on the national research that indicates that telephone counseling may be more amenable to a subset of potential clients, particularly those in outlying suburban locales, we recommend that the County pilot a hybrid approach using telephone counseling for this population. As part of the evaluation, we would track outcomes over the coming year to determine the cost and effectiveness and explore the feasibility of taking this approach system-wide.
3. **Link foreclosure counseling to other County services.** Provide more information to the foreclosure prevention counseling agencies about the various resources and supports available through the County so that counselors can connect homeowners with social services, legal assistance and income supplements (like SNAP). If possible, provide a single point of contact at the County for foreclosure clients to access other County services.
4. **Provide Emergency Assistance.** Consider offering a small, targeted pool of rescue funds to fill gaps in the Restoring Stability program. The idea would be to permit a one-time payment to bring homeowners current on their mortgages.
5. **Expand the Foreclosure Mediation Support Program.** Both the mediators and the counselors recognize the effectiveness of this program. We recommend that the County explore ways to have counselors on-site at the court on more days. (Note: This recommendation is being implemented.)
6. **Advocate for Cuyahoga County homeowners at the state and federal level.** The County should lead an advocacy effort to encourage lenders and servicers to consider Principal Reduction Agreements and other programs that can lower monthly housing costs.
7. **Continue the County's leadership role.** The County's leadership is key to the success of this program. As the lead convener, the County has enabled the agencies to work together as a system and has provided an important level of accountability as well as shared measures of success. The monthly meetings provide a place where the agencies can share successful strategies, identify issues about program operations and suggest improvements. They have also played a lead role in fundraising for the counseling agencies and the mediation support program. We recommend that the County continue to play a leadership role through the Cuyahoga County Foreclosure Prevention Program and continue to facilitate cooperation among housing counseling agencies and convene partnership meetings.

How do the outcomes produced by various local counseling agencies compare to resources used?

In 2012, the County allocated \$250,000 from the Community Development Block Grant for the CCFPP agencies. Agency awards ranged from a low of \$24,000 for Home Repair Resource

Center to a high of \$60,000 for Cleveland Housing Network and Neighborhood Housing Services. Community Housing Solutions and ESOP were each awarded \$53,000.

It is important to note, however, that the County's funding is not the only source of funding for foreclosure prevention counseling. The agencies are also reimbursed on a "per client served" basis through federal funds administered by the Ohio Restoring Stability and the National Foreclosure Mitigation Counseling Programs. However, these reimbursement funds do not cover the full cost of counseling or any operating or administrative costs. CCFPP funding helps to fill gaps and provides much needed operating support for the agencies but it is only part of the funding the agencies receive for foreclosure prevention counseling. Therefore, it is difficult to draw conclusions based on a comparison of the cost of counseling across agencies using only the CCFPP allocation.

Both the CCFPP funding per client seen and per successful outcome vary widely by agency, primarily for the reasons noted above. It is also very important to note that calculations based ONLY on the CCFPP funding for each agency do not necessarily suggest a relationship between the amount of County funding and the number of successful outcomes. Given that important caveat, across all five participating agencies, the average CCFPP allocation per client seen is \$51.20; the average CCFPP allocation per successful outcome is \$232.34. CHN and ESOP are below this average for successful outcomes; NHS and HRRC are above average for successful outcomes and CHS is significantly above average. CHN, NHS and ESOP are below average per client seen; HRRC is above average; and CHS is significantly above average.

- ***Compared to the cost of foreclosures to homeowners, communities and local tax bases (see 2011 CCFPP report), the cost of foreclosure prevention counseling is a cost effective investment. Additional funding for the CCFPP is needed to expand the reach of the program to serve more homeowners, in line with the recommendations below.***

How can foreclosure prevention work be best coordinated with vacant property recovery work?

Foreclosure prevention and vacant property recovery work represent the beginning and end respectively of a continuum of housing distress in Cuyahoga County. Both need to be part of a comprehensive County-wide housing, population and community stabilization strategy that involves all municipalities; with a special focus on the City of Cleveland and the First Suburbs.

We recommend that a multi-part strategy include the following:

1. Explore the feasibility of creating a shared database that combines information on vacant property, demolitions, foreclosure filings and foreclosure client trends (provided by CSU, Case NEOCanDo, VAPAC, and the Cuyahoga County Land Reutilization Authority). Ideally this would involve County support for adding new data sets to the NEOCanDo Neighborhood Stabilization Web application and expanding its geographic scope to include the suburbs.

2. Convene regularly scheduled (quarterly or semi-annually) meetings to review this data (if the data can be provided) with the County Department of Development and County Treasurer's offices, foreclosure prevention agencies, data providers, and housing officials from the First Suburbs and the City of Cleveland housing providers. The meetings could be used to create a two-way "early warning" system for at-risk neighborhoods. Housing officials would share information about housing "hot spots" in their communities and the County would share information on foreclosure 'hot spots', geographic areas at risk of foreclosure based on foreclosure filings and high-level summary level data from counseling agencies. These meetings would work on two-levels. First they would be used to start a conversation, develop partnerships and build trust among all the participants. Second, on a more practical level, the shared data could be used to identify geographic areas in which to target outreach for the CCFPP, code enforcement, counseling, rehab dollars and information about other County services.
3. Expand funding for strategic housing rehabilitation. The foreclosure crisis has taken its toll on the quality of the County's housing stock, particularly in the inner-ring suburbs. A program that would develop a strategy to identify houses and provide grants and loans, as well as hands-on assistance to homeowners seeking to maintain their property is sorely needed. This is particularly true for blocks or neighborhoods where fixing up one or two houses could have a positive effect on stabilizing the entire block or neighborhood.
4. Test a pilot that would target a portion of the County's housing and community development dollars to community-identified "hot spots", i.e. neighborhoods at risk of "tipping" due to high vacancy, foreclosure or code enforcement issues. The money could be used for a range of strategic investments including code enforcement, nuisance abatement, and other initiatives to stabilize a block or a neighborhood. This could be coordinated with land bank programs as well.
5. Create a pot of emergency housing funds (cash assistance not tied to Restoring Stability) that could be used to keep people in their homes by preventing foreclosure. The money could be used for mortgage payments, emergency home repairs (loan, forgivable loan, grant), or in cases where homeowners cannot stay in their homes, for relocation.
6. Work with the County Treasurer's office to address the growing number of tax delinquent parcels at risk of tax foreclosure.
7. A County-wide outreach and education strategy that engages all cities in the County in strategizing on how best to get the word out about the availability of counseling services and connect suburban residents to the CCFPP agencies.
8. Appoint a foreclosure counseling agency representative to serve on VAPAC and report back to the other agencies at the monthly foreclosure counseling agency meetings.

CONCLUSION

Housing is one of the County's greatest economic assets. The foreclosure crisis has put the County's housing stock at risk. None of the 56 cities in the County is untouched. The CCFPP is an important part of a broader strategy to stabilize and strengthen housing and communities throughout the County. The multifaceted, coordinated and responsive approach to foreclosure prevention in Cuyahoga County is unique and effective. Under the leadership of the Cuyahoga County Foreclosure Prevention Program, a comprehensive and highly functional and adaptive system has been created to help prevent foreclosures on the front end and to help homeowners and communities over the long term. The system includes resource and referral through 211 First Call for Help, support for face-to-face counseling and mediation support.

The County's funding and leadership provides the infrastructure that make this system work and enables the participating agencies to act in a coordinated and collaborative way. It maximizes the resources that can be brought to bear to help the county's homeowners, even in the face of a constantly changing landscape of programs, funding, regulations and economic challenges. The County role includes:

- Funding: \$4.9 million in County general, block grant and special purpose funds (DTAC)
- Outside fundraising: \$1.3 million
- Advocacy at the state and national level: Restoring Stability, principal reduction, state legislation
- Tracking and monitoring progress with continuous feedback to agencies: evaluation
- Convening: monthly meetings with agencies
- Innovation: Targeted outreach and education, foreclosure mediation support program

From 2006 through 2012, participating agencies have served more than 20,000 homeowners seeking foreclosure prevention counseling with the number of homeowners seeking assistance peaking in 2012. As one measure of the program's effectiveness, 50% of those who received counseling were able to attain a successful outcome over the 7 years of the program. A successful outcome is defined as: bringing their mortgage current, having their mortgage modified, initiating a forbearance agreement, otherwise modifying a mortgage or selling their property through a deed-in-lieu, short sale or pre-foreclosure sale.

The ability to reach some mutually acceptable mortgage modification or other successful outcome has become increasingly challenging, resulting in a steady decline in the percentage of successful outcomes from a high of 58% in 2006 to a low of 43% in 2012. This is due to a number of reasons outlined in this report, including uncertainty and long-time lags related to state and federal programs including Restoring Stability, the National Mortgage Settlement, etc., lenders and servicers delays in the foreclosure process, homeowners seeking assistance late in the process, and most importantly, the inability to modify a mortgage if the home is worth less than the outstanding principal on the mortgage and/or if the homeowner's income has fallen substantially due to unemployment and underemployment.

RESPONDING TO FORECLOSURES IN CUYAHOGA COUNTY

Foreclosure prevention is just one part of what could become a multi-faceted housing and community development strategy to support local communities in shoring up local housing markets and helping homeowners and city leaders throughout the county cope with the fall-out of the crisis. The County's leadership, combined with a highly sophisticated network of counseling agencies and the availability of reliable, consistent data, enables the CCFPP to be responsive to the needs of homeowners and cities county-wide.

APPENDICES

Appendix A - 2012 Cuyahoga County Foreclosure Prevention Program Service Delivery

Partners:



Cleveland Housing Network (CHN) - The mission of CHN is to build strong families and vibrant neighborhoods through quality affordable housing and strengthened financial stability. CHN works to foster sustainable neighborhoods through eco-friendly housing and education to improve the health, wealth and employability of Cleveland residents. CHN is widely known for its Lease Purchase Program which is now being replicated across the nation. This program allows low-income families the ability to lease a home at an affordable rate, with the option to gain significant equity upon purchase after 15 years of responsible residency. Since it began in 1981, CHN's evolution has resulted in the addition of programs and services designed to meet the needs of the low- and moderate income-families, focusing on four core services: Housing Development and Property Management, Energy Conservation and Weatherization, Safety Net and Support Services and Training and Education.



Community Housing Solutions (CHS) – Formerly known as Lutheran Housing Corporation, the mission of CHS is to assist low and moderate income families obtain and maintain safe, decent, and affordable housing. CHS provides both pre-purchase and foreclosure prevention counseling. CHS has 6 housing counselors and one housing counseling secretary. In addition to housing counseling, CHS provides tool loan and home maintenance training, minor home repair, energy conservation and new housing construction services.



Empowering and Strengthening Ohio's People (ESOP) - Empowering and Strengthening Ohio's People (ESOP) is a non-profit HUD-approved housing counseling agency. Our main focus is to stabilize and strengthen communities – stabilize through foreclosure prevention programs and strengthen by developing local leaders and organizing area residents around important issues affecting their neighborhoods. ESOP engages in direct

action community organizing and foreclosure prevention advocacy. ESOP uses a Hot Spot Card process, through which homeowners complete documentation and provide financial information relevant to their case, and have the opportunity to make suggestions to the lender for a resolution. ESOP has ten offices across Ohio committed to helping urban, suburban and rural homeowners.



**HOME
REPAIR
RESOURCE
CENTER**

Home Repair Resource Center – Home Repair Resource Center’s mission is accomplished through a creative mix of self-help programs that include financial assistance, education and skills training to enable homeowners – particularly homeowners of low or moderate income – to accomplish repairs on a contracted or do-self basis. Home Repair Resource Center offers financial assistance for home repairs, counseling & financial education, foreclosure interview, repair and education programs, and educational resources. HHRC is a HUD-approved counseling agency that serves all Ohio residents.



Neighborhood Housing Services of Cleveland - Neighborhood Housing Services of Greater Cleveland (NHSGC) is a not-for-profit, community development corporation incorporated in July 1975 as one of the charter organizations of NeighborWorks® America. The mission statement for NHSGC is to provide ongoing programs and services for achieving, preserving and sustaining the American dream of homeownership. NHSGC’s programs include HomeOwnership Promotion - educational classes and loans for people interested in becoming homeowners and HomeOwnership Preservation - loan products, post-purchase counseling, foreclosure assistance to those occupants who are interested in maintaining and preserving not only the physical structure of the home, but also the ability to keep ownership. Counseling services are required in order to access any NHSGC program. In the pre-purchase curriculum, NHSGC staff work with individuals to secure better credit and become “mortgage ready”. Post-purchase counseling includes home maintenance, interior design and budgeting classes. NHSGC serves residents of Cuyahoga, Lorain, Huron, Erie, and Medina Counties.

Appendix B - Overview of Other Foreclosure Prevention Programs

In addition to the CCFPP, participating agencies have a number of federal and state programs to help homeowners facing foreclosure. These other programs do not fall within the scope of work for the evaluation but they are relevant to the discussion. Brief program descriptions follow.

The Making Home Affordable Program was launched in 2009 by the administration to catalyze the mortgage industry to provide affordable and sustainable assistance to homeowners to prevent foreclosure. It is part of a broader plan to stabilize the housing market. The program has two components, a loan modification program (Home Affordable Modification Program, or HAMP) and a refinance program (Home Affordable Refinance Program, or HARP). Since its launch, the Making Home Affordable Program has been expanded to offer assistance to homeowners with second liens or who are struggling because they are unemployed or “underwater” (owe more on their home than it is currently worth). Making Home Affordable also includes the Home Affordable Foreclosure Alternatives Program (HAFA) to streamline the process for homeowners seeking a short sale or deed-in-lieu of foreclosure. (U.S. Department of Treasury web site).

According to a 2010 report by the Community Development Department of the Federal Reserve Bank of Cleveland, “these programs are addressing only a small part of the delinquency problem. Nationwide, as of the first quarter of 2010, less than 30 percent of seriously delinquent loans (60 days or more delinquent) were eligible for a modification under HAMP. By June 2010, the HAMP program reported that about 24 percent of eligible delinquent loans in the US were in trial or permanent modification.¹⁵” In the Cleveland-Elyria-Mentor metropolitan statistical area, as of December 2011, 9,853 trial modifications were started, resulting in 4,228 (43%) active permanent modifications.

The National Foreclosure Mitigation Counseling (NFMC) Program was launched in December 2007 with funds appropriated by Congress to address the nationwide foreclosure crisis by dramatically increasing the availability of housing counseling for families at risk of foreclosure.

The Urban Institute recently completed a three-year evaluation of Rounds 1 and 2 of the National Foreclosure Mitigation Counseling (NFMC) program. Using a representative NFMC sample of 180,000 loans and a comparison non-NFMC sample of 155,000 loans, the Urban Institute was able to employ robust statistical techniques to isolate the impact of NFMC counseling on loan performance through December 2010.

¹⁵ Richter, Francisca, Lisa Nelson, and Youngme Seo, “A Look Behind the Numbers: Mortgage Delinquencies in Ohio: Are Loan Modifications Stemming the Tide?”, Community Development Department of the Federal Reserve Bank of Cleveland, volume 3, Issue 1.

The final evaluation of Rounds 1 and 2 conducted by Urban Institute demonstrated positive effects for homeowners participating in the NFMC program. Counseled homeowners were more likely to receive better loan modifications, cure a serious delinquency or foreclosure and stay current, and avoid a foreclosure completion altogether.

- Counseling greatly increased the ability of homeowners to stay current once they cured a serious delinquency or foreclosure. Counseled homeowners were at least 67% more likely to remain current on their mortgage nine months after receiving a loan modification cure. A small part of this effect is attributable to the impact of counseling on the size of monthly payment reductions. However, a significant part is attributable to other positive impacts of counseling, such as helping homeowners improve their financial management skills and assisting them in managing relationships with servicers.
- NFMC counseling made it more likely that homeowners would receive a loan modification cure in the first place – increasing by at least 89% the relative odds of modification cures for counseled homeowners compared to non-counseled ones. HAMP amplified this positive effect. In the period before HAMP, 8% of homeowners receiving counseling assistance had modification cures, compared to 5% who did not receive counseling. Post-HAMP, 17% of homeowners receiving counseling assistance had modification cures, compared to 9% without.
- An independent third-party evaluation of NFMC Program outcomes (through 2010) conducted by the Urban Institute found that:
 - NFMC clients who received loan modifications reduced their monthly mortgage payments by, on average, \$267 more than they would have without NFMC counseling – which represents more than \$560 million in annual savings to NFMC-counseled homeowners.
 - Counseled homeowners were 1.7 times more likely to mitigate a serious delinquency or foreclosure action than if they had not received NFMC counseling.
 - Homeowners who obtained a loan modification that allowed them to cure an existing serious delinquency or in-progress foreclosure were much more likely to remain current on their mortgage if their loan modification was obtained with help from NFMC Program counseling than homeowners in similar situations who did not receive NFMC counseling.
- Counseled homeowners received loan modifications resulting in a monthly payment that was \$176 less, on average, than non-counseled borrowers – a savings of close to \$2,100 a year. This savings was achieved on loans modified either before or after HAMP was implemented.
- As of June 2011 In a little more than three years, the National Foreclosure Mitigation Counseling (NFMC) Program has served 1.2 million at-risk homeowners across the country and helped to strengthen the nation's foreclosure counseling capacity.
- Since December 2007, Congress has made five appropriations totaling \$539.87 million to fund the NFMC Program. NeighborWorks® America (as authorized by the Neighborhood Reinvestment Corporation Act, 42 U.S.C. 8101-8107) was appointed to administer the NFMC Program, and submits this report to Congress to provide an update on its status.

Funding Summary

- As of June 30, 2011, NeighborWorks has awarded \$508.4 million in grants to 179 HUD-approved housing counseling intermediaries, state housing finance agencies, and NeighborWorks organizations to fund foreclosure counseling and legal assistance to at-risk homeowners. Grant awards include:
 - \$483.3 million for foreclosure mitigation counseling services
 - \$25.1 million for legal assistance to homeowners

Congress has also allocated \$19 million to be used by NeighborWorks

National Foreclosure Mitigation Counseling Program Congressional Update *Program administered by NeighborWorks® America* September 13, 2011

Restoring Stability

In February 2010, the U.S. Department of the Treasury announced a new program to provide targeted aid to families facing foreclosure in states hit hard by the economic and housing market downturn. The program, called the Hardest Hit Fund, was intended to assist states struggling with high unemployment rates or steep home price declines.



Ohio is one of 19 states to receive these funds, but Ohio was funded in the second round in August 2010. Ohio's share is \$570 million. Each state designed its own program. Programs were permitted to include the following:

- Mortgage payment assistance for unemployed or underemployed homeowners
- Principal reduction to help homeowners get into more affordable mortgages
- Funding to eliminate homeowners' second lien loans
- Help for homeowners who are transitioning out of their homes and into more affordable places of residence.

Ohio's program, called *Restoring Stability: A Save the Dream Ohio Initiative*, was one of the first programs in the nation to launch. According to the Ohio Housing Finance Agency (OHFA), which administers the program, it aims to assist 46,000 homeowners who have experienced a financial hardship and are currently at-risk of mortgage loan default or foreclosure. The program may be able to help homeowners who have previously not qualified for other existing

loan modification and foreclosure prevention programs because of loss of income or extended unemployment.

Restoring Stability has four components:

1. Rescue Payment Assistance provides a payment to a qualified homeowner's mortgage servicer to help bring the homeowner current on his or her delinquent mortgage;
2. Partial Mortgage Payment Assistance provides partial mortgage payments while unemployed homeowners search for a job or participate in job training;
3. Modification Assistance with Principal Reduction provides a payment incentive to mortgage servicers to reduce mortgage principal to the level necessary to achieve a loan modification and affordable monthly mortgage payments; and
4. Transitional Assistance provides homeowners who cannot sustain homeownership with an alternative to foreclosure by offering an incentive to mortgage servicers to complete short sales and deed-in-lieu agreements.

Restoring Stability began accepting applications on September 27, 2010. All of the Cuyahoga County Foreclosure Prevention agencies participate in the program. They receive referrals from and complete applications to Restoring Stability.

Appendix C: List of Interviews

Jeanne Morton, Director of Community Training, Cleveland Housing Network, April 11, 2012.

Kate Carden, Foreclosure Prevention Services, Cleveland Housing Network, April 11, 2012.

Kathryn Lad, Executive Director, Home Repair Resource Center, October 24, 2012.

Paul Herdeg, Manager, Housing Division, Cuyahoga County Department of Development, November 7, 2012.

Judith Weyburn, Deputy Director, Cuyahoga County Department of Development, November 7, 2012.

Andi Nikofovs, Executive Director, Community Housing Solutions, November 30, 2012

Jay Bagdasarian, Associate Director, Community Housing Solutions, November 30, 2012

Mark Seifert, Executive Director, ESOP, January 23, 2013.

Lou Tisler, Executive Director, Neighborhood Housing Services, January 30, 2013.

Darren Hamm, Deputy Director, Neighborhood Housing Services, January 30, 2013.

Mahria Harris, Home Ownership Center Manager, Neighborhood Housing Services, January 30, 2013.

Paul Herdeg, Manager, Housing Division, Cuyahoga County Department of Development, March 12, 2013.

Larry Benders, Director, Cuyahoga County Department of Development, March 12, 2013.

FOR
RENT



Property Management



216-901-4500

www.howardhanna.com/propertymanagement

